# FINANCIAL TIMES

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World Business Newspaper http://www.FT.com THURSDAY MAY 1 1997

## Bayer considers more cuts after poor first quarter

German chemicals and pharmaceuticals company Bayer stepped up its pledge to restructure its lagging chemicals business after striking a downbeat note for 1997. Bayer shares fell more than 4 per cent after the company reported a 5 per cent increase in pre-tax profits to DM1.2bn ($690m) for the first quarter, dashing market expectations of a bigger rise. Chairman Manfred Schneider said: "Where we know there is no hope of returning plants to profitability, we will continue to have no option but to close them." Page 13; Lex, Page 12

**Fall in French jobless:** The number of French job-seekers fell by 4,800 in March, boosting the centre-right government's election campaign, but the overall unemployment rate was unchanged at a record 12.8 per cent. Page 2

**Denmark seeks big cut in debt:** Denmark's centre-left coalition government pledged to cut the national debt from 67 to 40 per cent of gross domestic product. Page 3

**Andersen partners reject split:** Partners of global accountancy and consultancy group Andersen Worldwide voted overwhelmingly against splitting the business. Page 13

**Sailors die in explosion:** Two sailors were killed, 25 were hurt and three were still missing last night after a French navy support ship blew up in the English Channel off Cherbourg. The 450-tonne vessel had been carrying explosives to be dumped in the Atlantic.

**Pledge given on Hong Kong protests**

Hong Kong's future leader, Tung Chee-hwa (left), said there would be no crackdown on political dissent after the territory returns to China in July. In a US television interview, Mr Tung said pro-democracy forces would be free to demonstrate. Public consultations on Mr Tung's controversial plans to strengthen police powers over demonstrations and tighten regulations governing political parties finished yesterday. His comments were an attempt to reassure the public on proposed changes. Page 12; Japan puts money on Hong Kong, Page 6

**Du Pont raises dividend:** Du Pont, the US's biggest chemicals company, raised its quarterly dividend by 11 per cent, adding to a string of large increases from American companies in recent weeks. Page 13

**Pact to regulate Internet registration:** An international accord will be signed today in Geneva that promises to lower the cost of registering Internet addresses and curb the "hijacking" of well known names for resale. Page 4; Brokers warned over web sites, Page 7

***Deputies fight over Argentine sell-off:*** Moves to privatise Argentina's state-owned mortgage bank received a setback after government and opposition deputies came to blows in congress over the controversial sell-off. Page 12

***Manila on alert over islands:*** The Philippines put its forces on alert after three Chinese warships were sighted in the area of the disputed Spratly islands in the South China sea. Page 6

***Aeroflot in $400m deal with Boeing:*** Russian airline Aeroflot signed a $400m contract to buy 10 Boeing 737-400 aircraft, in spite of a "buy Russian" campaign launched by President Boris Yeltsin. Page 4

**Black bids for rest of Southam:** Conrad Black's Hollinger publishing group offered C$923m ($659m) in cash and shares for the 49.5 per cent it does not already own of Southam, Canada's biggest newspaper chain. Page 13

**Nissan attacks recreational market:** Nissan, Japan's second-largest carmaker, plans to increase its share of the domestic market for recreational vehicles from 38 per cent to 50 per cent with the launch of six models. Page 13; GM arm launches Renault venture, Page 7

**Football:** Northern Ireland drew 0-0 with Armenia in a World cup qualifying match. Romania beat the Irish Republic 1-0 and Sweden beat Scotland 2-1.

***FT.com:*** the FT web site provides online news, comment and analysis at http://www.FT.com

**STOCK MARKET INDICES**

| | | |
|---|---|---|
| New York lunchtime | | |
| Dow Jones Ind Av | 7033.87 | (+71.84) |
| NASDAQ Composite | 1258.17 | (+15.54) |
| Europe and Far East | | |
| CAC40 | 2639.46 | (+36.60) |
| DAX | 3438.07 | (+54.88) |
| FTSE 100 | 4436.0 | (+2.8) |
| Nikkei | 19,151.12 | (+480.75) |

**US LUNCHTIME RATES**

| | |
|---|---|
| Federal Funds | 5¾% |
| 3-mth Treas Bills: Yld | 5.218% |
| Long Bond | 96 |
| Yield | 6.941% |

**OTHER RATES**

| | | |
|---|---|---|
| UK: 3-mo Interbank | 6 17/32% | (6 15/32%) |
| UK: 10 yr Gilt | 98 1/32 | (97 13/16) |
| France: 10 yr OAT | 98.16 | (97.95) |
| Germany: 10 yr Bond | 101.26 | (101.02) |
| Japan: 10 yr JGB | 104.5916 | (closed) |

**NORTH SEA OIL (Argus)**

| | | |
|---|---|---|
| Brent Dated | $18.41 | (18.29) |

**GOLD**

| | | |
|---|---|---|
| New York: Comex (May) | $340.4 | (340.4) |
| London: close | $340.10 | (339.85) |

**DOLLAR**

| | | |
|---|---|---|
| New York: lunchtime | | |
| £ | 1.6235 | |
| DM | 1.73135 | |
| FFr | 5.8375 | |
| SFr | 1.474 | |
| Y | 127.135 | |
| London: | | |
| £ | 1.6226 | (1.6313) |
| DM | 1.7317 | (1.7248) |
| FFr | 5.8364 | (5.8158) |
| SFr | 1.4734 | (1.4668) |
| Y | 126.91 | (126.755) |
| Tokyo close: | Y 126.905 | |

**STERLING**

| | | |
|---|---|---|
| DM | 2.8096 | (2.8136) |

# Offer values NTT arm at $20bn

## Japanese mobile phone sell-off tipped to be largest ever

By Nicholas Denton in London and William Dawkins in Tokyo

NTT DoCoMo, the mobile phone subsidiary of Nippon Telegraph and Telephone, Japan's national carrier, next year plans the largest ever offering of shares in a cellular operator.

The international share sale, scheduled to take place in the second half of 1998, is expected to value DoCoMo at more than $20bn, making it the world's most highly capitalised quoted mobile phone operator.

The company – which has about half of Japan's 20m cellular subscribers and a dominant position in a booming wireless communications market worth Y1,450bn ($11.5bn) last year – would be a key Japanese investment for international fund managers.

However, some investors with memories of the consistently poor performance of NTT's own shares since the group's public offering in October 1987 might be nervous about participating in another large Japanese offering.

The sell-off, which has few precedents among Japanese conglomerates, is intended by the government to accelerate the liberalisation of a telecommunications sector dominated until recently by NTT.

"It will be by far the biggest cellular transaction, potentially one of the biggest flotations ever done, and a major development in Japanese capital markets," said an executive familiar with the offering.

The signal that DoCoMo is moving towards flotation has come with its decision to appoint Goldman Sachs, the US investment bank, and Yamaichi Securities, the Japanese brokerage, to lead the planned offering.

Goldman Sachs – which acted as a global co-ordinator on last year's record $13bn offering in Deutsche Telekom, the German operator – was chosen from a field of investment banks which included Merrill Lynch and SBC Warburg. The bank, which has not been formally appointed, refused to comment and senior NTT officials could not be reached. However, other banks which bid for the mandate have been informed that they have not been successful.

Discussions about DoCoMo's future have intensified since Japan's Ministry of Posts and Telecommunications launched a new round of deregulation last October by allowing competition in domestic public telecoms services.

Plans for a sale of DoCoMo, in which NTT has 94.6 per cent, received a further impetus last month when Japan's Fair Trade Commission, a competition authority, said NTT's stake should fall below 50 per cent.

Other quoted cellular companies such as Telecom Italia Mobile, demerged from the Italian national carrier in 1994, trade at a value of about $300 per head of population in the areas they service.

Despite the high valuations achieved by earlier Japanese flotations, DoCoMo is expected to command a lower multiple than its overseas counterparts. Some of the forecast discount for DoCoMo is due to the wariness of holders of shares in the parent company.

# Fast-growing US economy shifts up a gear

By Gerard Baker in Washington

The US economy expanded at its fastest rate in almost 10 years in the first three months of 1997, providing further evidence that the long business expansion of the 1990s has shifted up a gear.

Gross domestic product grew at a real annual rate of 5.6 per cent in the first quarter, propelled higher by a leap in consumer spending and a surge in investment, the Commerce Department reported yesterday in a preliminary report.

Stock and bond markets appeared unmoved by the figures, taking heart from the fact that in spite of the spectacular growth there remains little obvious sign of inflation in the US economy.

At noon, the Dow Jones Industrial Average was up 76.7 points at 7038.7, adding to Tuesday's 179-point rise.

"The markets seem to be looking at these GDP figures as old news looking backwards to the first quarter," said Mr Ed McKelvey, economist at Goldman Sachs, the investment bank.

The pace of expansion was the fastest since the final quarter of 1987. It followed a strong quarter at the end of 1996 and took growth in the six months to March to an annual rate of 4.7 per cent, double what officials have regarded as the US's long-term non-inflationary potential growth rate.

In normal circumstances such sustained rapid growth would presage an acceleration in inflation, raising the probability that the Federal Reserve would need to raise interest rates to cool off an overheating economy.

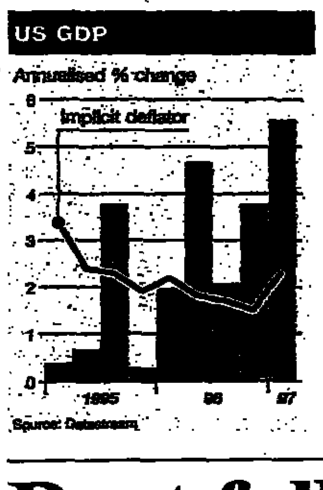
The Fed raised short-term rates in March and had been widely expected to raise them again at the next meeting of its Open Market Committee on May 20.

The GDP report's main measure of inflation, the implicit GDP deflator, showed a sharp rise to 2.3 per cent, from 1.5 per cent in the previous quarter, but that was largely a function of higher oil prices.

The critical question for

Continued on Page 12
Editorial comment, Page 11; Lex, Page 12; World markets, Page 30

US GDP



Source: Datastream

Britain's opposition Labour party leader Tony Blair greets supporters yesterday on the final day of campaigning before today's general election. Report, Page 12

# UK groups protest to Yeltsin over mine sale fiasco

By Kenneth Gooding, Mining Correspondent

Three big UK investment groups have written to President Boris Yeltsin and Russian government members warning they might stop investing in the country's stock markets.

The three, Mercury Asset Management, M&G and Robert Fleming, are protesting about the uncertainty created early in April when a Russian court ruled that the 1992 privatisation of the Lenzoloto gold company was invalid.

All three have stakes in Star Mining, an Australian company which has agreed to acquire 49 per cent of Sukhoi Log, Russia's biggest gold deposit, from Lenzoloto. Star's shares were suspended on April 7.

"In seeking and encouraging foreign investors the government has a clear duty to ensure that such vehicles are established in proper order and with the observance of all necessary legal formalities," says Mr John Parsloe, a Mercury director, in his letter.

"If investors are to be faced with uncertainty as to the

Continued on Page 12

# Punt falls as Irish central bank withdraws support

By Simon Kuper in London and John Murray Brown in Dublin

The Irish punt fell sharply yesterday, as the currency markets bet on Ireland entering European economic and monetary union and weakening its traditional economic ties with the UK.

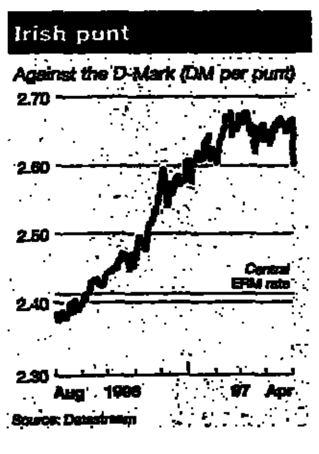
The punt dropped 6.5 pfennigs against the D-Mark to DM2.602, hit its weakest level against sterling since July 1992, closing 2.2p lower in London at £0.926, and fell 4.3 cents against the dollar to $1.503.

The slide began late on Tuesday after the Central Bank of Ireland indicated it would stop intervening in the market to prop up the punt.

Mr John Bruton, the prime minister, said yesterday: "The Irish economy makes its own decisions now. We are decoupled from Britain."

The currency had been under pressure since April 15, when Mr Ruairi Quinn, Irish finance minister, said he would like it to weaken to nearer DM2.411 – its central rate within the European exchange rate mechanism.

Irish punt



Source: Datastream

The forex markets expect Ireland to join the single European currency in the first round in January 1999. They think the punt, like other currencies joining Emu, will convert into the euro at around its ERM central rate.

However, at the start of this week the punt was still nearly 11 per cent above the central rate, pushed upwards by sterling's strength and the Irish economic boom. Ireland is on track to meet the conditions for entering Emu laid out in the Maastricht treaty. Inflation is at around 1.5 per cent, the budget deficit is below 3 per cent of GDP, and the ratio of debt to GDP is falling.

But the government feared that if the punt remained strong Ireland would be judged to have failed in its aim of maintaining a "stable currency", one of the Maastricht conditions.

Every other currency in the ERM is within 2.5 per cent of its central rate. Ireland also fears that locking the punt into the euro at too high a rate could hurt Irish trade within the European Union.

The currency steadied late yesterday after Mr Quinn said: "No decision has been taken yet with regard to the rate at which we will join Emu."

The punt's slide underlines the Irish authorities' dilemma.

The Central Bank fears that a weak punt, specifically against sterling, could create inflation by making imports more expensive and may now press for higher interest rates.

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LONDON · LEEDS · PARIS · FRANKFURT · STOCKHOLM · MADRID · NEW YORK · LOS ANGELES · TOKYO · HONG KONG

## Prospect of Labour victory in UK fails to fire imagination of ministers in Luxembourg

# EU carries on with business as usual

By Lionel Barber in Luxembourg

On the eve of the UK general election, with all the polls pointing to an opposition Labour party victory, negotiations on the future of the European Union took on a surreal quality yesterday in the Grand Duchy of Luxembourg.

Mr Malcolm Rifkind, UK foreign secretary, was far away, fighting to save his parliamentary seat in Scotland. Mr David Davis, his Euro-sceptic deputy, who loves joshing his European colleagues, was also absent. There was not one British press conference in two days.

It fell to Sir Stephen Wall, the UK's ambassador to the EU, to articulate the hardline British position. No more majority voting. No turning the EU into a collective defence entity. Long live the partnership of nations. Fellow diplomats and foreign ministers listened politely. All in practice were perhaps looking forward to a post-Tory era when, perhaps, the British might prove a little more reasonable than in the past 18 years.

Expectations are not high. Mr Werner Hoyer, deputy German foreign minister, said that in the event of a Labour victory: "We don't expect a 180 degree change in the British position."

The question is, indeed, one of degree. For the past 12 months, the UK government's inflexibility has allowed other countries to avoid revealing their hand in the negotiations, which are supposed to make the Union fit to enlarge to central and eastern Europe around the turn of the century. A new UK government will unfreeze the talks, forcing everyone to make compromises if the mid-June deadline for a new treaty is to be met.

The Dutch presidency still hopes a special EU summit on May 23 will accelerate the negotiations. Their choice of venue was the border town of Maastricht, the same city where the 12 member states of the then European Community concluded the 1991 treaty which established the European Union.

But what was meant as a symbolic gesture – and a pay-off to a region which has not benefited from the regular round of EU summits – looks less likely to occur. Maastricht has become a dirty word in countries such as Denmark, France and the UK, where the eponymous treaty scraped through ratification. President Jacques Chirac's decision to call snap parliamentary elections on May 25 has further complicated matters.

Although the Elysée insisted yesterday that "neither the date nor the location causes us any problems", Dutch and British sources said the French had signalled reservations about going to Maastricht on the eve of an election on which Mr Chirac has pinned hopes of returning a Gaullist majority.

The Dutch are therefore considering switching the venue to the more neutral seaside resort of Noordwijk. They also plan to unveil a new treaty text in the middle of this month.

Diplomats predict that the results will be modest: a slight extension of majority voting, deeper co-operation on justice and immigration, and provisions allowing countries to forge ahead without being held back by laggards such as Denmark – and the UK.

# German call for takeover changes

By Andrew Fisher in Frankfurt

Germany's investment funds sharpened their criticism of the country's voluntary takeover code yesterday. They want it strengthened in the interests of minority shareholders and are urging more companies to accept it.

Otherwise, said Mr Rolf Passow, president of the German investment fund association (BVI), there was "a great danger" that the government would step in.

Although hostile takeovers are rare in Germany, the recent bid by Krupp Hoesch for Thyssen, its bigger steel and engineering rival, opened the possibility of more such moves. Both companies recognised the code, but the bid met such strong political and employee opposition that it was dropped and they agreed instead to merge their steel interests.

The code, which came into effect in 1995, lays down that any company acquiring more than 50 per cent of another must make an offer for the remaining shares. The price must be in line with the market price and no more than 25 per cent below that paid by the bidder in the six months before going above 50 per cent. Also, the offer should be made within 18 months.

Germany's investment funds, serving retail and institutional customers and accounting for 11.5 per cent of domestic market capitalisation, want these conditions strengthened considerably.

Only a third of German quoted companies have adopted the code. Mr Passow, who also heads DIT, the Dresdner Bank investment fund company, said this was "thoroughly unsatisfactory". Most companies in the Dax index of 30 blue chips have accepted the code, the exceptions being Hoechst in chemicals, BMW and Volkswagen in the automotive sector, the Viag conglomerate, Bayerische Hypotheken- und Wechsel-Bank, and the RWE energy concern.

Many smaller listed companies have also ignored the code. The Metallgesellschaft industrial and trading company initially signed it but recently withdrew.

Mr Manfred Mathes, a BVI director who heads Union Investment (majority owned by co-operative banks) and sits on the takeover commission, said sanctions were one way of "countering the hesitant acceptance" of the code. Those wanting to be included in the Dax indices – covering the 30 blue chips and the 70 medium-sized companies in the M-Dax index – might be required to sign the code.

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# Greece and Turkey aim to heal rift

## 'Wise men' from both countries endeavour to resolve long-standing territorial disputes

By Lionel Barber

Greece and Turkey have agreed to appoint a group of "wise men" to help resolve their territorial disputes in the Aegean Sea.

The European Union welcomed the move as a step towards improving relations between Ankara and Athens and stepping up efforts to end the dispute over Cyprus.

The Aegean initiative was announced at a long-delayed EU-Turkey Association Council in Luxembourg. It softened the impact of Greece's refusal to lift its long-standing veto over Ecu375m ($424m) of EU financial aid until Turkey stops threatening Greek sovereignty in the area.

The Association Council, the first for 18 months during which EU-Turkish relations have worsened, was highlighted by an impassioned speech by Mrs Tansu Çiller, the Turkish foreign minister.

Mrs Çiller pleaded for Turkey to be put on an equal footing with the 10 central and eastern European countries whose applications to join the EU will be formally considered in the summer.

"To [treat us] otherwise would undermine these very sentiments of equality, fairness and non-discrimination. Neither of us can allow that to occur, or even for that perception to reappear."

Mrs Çiller's appeal put EU foreign ministers on the spot. Earlier, Mr Klaus Kinkel, German foreign minister, had ruled out Turkish membership of the EU "for the foreseeable future" because of its human rights record, the treatment of the Kurdish minority, and economic imbalances.

Ministers responded to Mrs Çiller by reaffirming Turkey's "eligibility" for membership. With this promise, the EU hopes to assuage Ankara's frustration that neighbours such as Bulgaria are ahead of Turkey in the enlargement queue.

Despite his caution about eventual Turkish membership, Mr Kinkel has put heavy pressure on Mr Theodoros Pangalos, the hardline Greek minister for European affairs, to be more forthcoming.

Yesterday's meeting between Mr Pangalos and Mrs Çiller at a conference of Black Sea nations in Istanbul was welcomed as a sign that Greece may be edging toward a resolution of the conflict.

The group of "wise men" will make a report – if necessary of an interim nature – by mid-June.

The recommendations are non-binding, while Greece and Turkey have asked the Dutch presidency of the EU to continue its role as honest broker.

● A Turkish court sentenced 122 Islamist sect members to up to four years in prison yesterday for challenging the official secularist order, Reuter reports from Ankara.

The Islamists, members of the Aczmendi sect, had been charged with forming an illegal group, insulting Turkey's secularist founder, Kemal Ataturk, and breaking a ban on Islamic dress.

The court sentenced 113 sect members to three years each in jail, six to four years, and another three to 20 months.

Theodoros Pangalos: softening stance AP

# French jobs data boost centre-right

By David Buchan in Paris

The announcement yesterday that the number of French job-seekers dipped by 4,800 in March boosted the centre-right government's election campaign, though the overall unemployment rate stayed unchanged at a record 12.8 per cent.

Mr Alain Juppé, the prime minister, who had hinted at good job news earlier this week, hailed the report by the labour ministry as showing that unemployment had reached a plateau, while other ministers forecast a decline in the second half of this year.

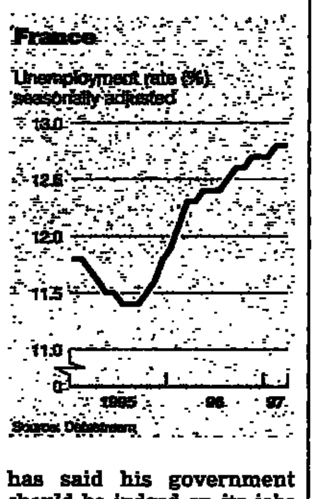
Mr Alain Lamassoure, budget minister and government spokesman, claimed that with the prospect of growth rising to an average of 2.5 per cent in 1997, "we ought to see a steady decline in unemployment in the second half" of this year. He vaunted the recent reduction in youth unemployment but admitted the number of those out of work for more than a year had risen.

The Socialist opposition was quick to counter Mr Juppé's interpretation of what will be the last unemployment figures to be published before the final election round on June 1. Mr François Hollande, its spokesman, said that, according to unemployment counting rules used up to last year, unemployment rose last month.

He added that "it will continue to rise all this year, which is why we are calling for a change in economic policy" to pump more demand into the economy.

In the first 10 days of the election campaign, government and opposition have clashed several times over employment trends. Using the International Labour Office standard, the number of French seeking full-time employment rose by 0.6 per cent in January, but fell by 0.2 per cent in February and March. However, by the old measure which also included those seeking part-time work, unemployment rose by 0.2 per cent in March.

Unemployment, the biggest single issue in the campaign, has weighed on the popularity of Mr Juppé, who has said his government should be judged on its jobs record. A CSA poll published yesterday showed that only 28 per cent had confidence in Mr Juppé's ability to deal with the country's problems.




The right blames France's chronically high unemployment rate on high payroll charges and bureaucratic regulation of business which it wants to reduce; the left faults the lack of demand and the austerity measures imposed on public finances to qualify France for the single European currency.

But these differences were blurred in an unusually civilised debate – for a French election campaign – between Mr Edouard Balladur, former Gaullist prime minister, and Mr Jacques Delors, the French Socialist and former European Commission president. A 90 minute debate on Tuesday showed little distance between the two men's positions, with Mr Balladur saying he wanted to apply to France the flexibility provisions in the 1993 Delors White Paper on European competitiveness and Mr Delors agreeing with Mr Balladur on the need for a less wasteful health system.

Later on Tuesday, however, Mr Delors was subjected to rougher treatment at a rally in Grenoble, where he was attacked with a pie filled with shaving soap that was thrust in his face. An "anti-Maastricht committee" claimed responsibility and a middle-aged couple, said to have royalist sympathies, were held in custody.

■ Mr Jean-Marie Le Pen, leader of the National Front party, said yesterday he personally would not stand as a candidate in the elections.

# Brussels to expand EU food safety unit

By Neil Buckley in Brussels

The European Commission is to set up a Food and Veterinary Office in Ireland to monitor EU-wide food safety as part of measures to guard against future "mad cow"-type health crises.

Ms Emma Bonino, who was given overall responsibility for consumer health protection following the "mad cow" affair, yesterday published her blueprint for Europe-wide controls on the EU's food market, totalling Ecu500bn ($565bn) a year.

The Commission was forced to take action after the European parliament in February gave it nine months to revamp its food policies or face a censure motion that would sack all 20 commissioners.

The "conditional censure" followed publication of a highly critical report by a European parliament inquiry accusing the Brussels executive of serious shortcomings in its handling of the "mad cow" crisis, and putting the interests of the beef market above consumer safety.

Ms Bonino pledged to introduce "plough to plate" controls and inspection of the food chain, including agricultural production, food processing and sale and distribution, based on a better assessment of the main risks. She also plans to introduce formal "audits" of member states' food safety systems. The new approach will be co-ordinated through the Commission's Food and Veterinary Office, which will be expanded from its current 40 members and moved from Brussels to Ireland.

The office will initially be based in Dublin, before moving to Grange, in County Meath, home to a veterinary research institute.

Ms Bonino said plans for a "rapid alert" procedure would enable the Commission to respond more quickly to consumer health emergencies, should the new controls fail. "Zero risk does not exist, that is very clear," said Ms Bonino. "The problem is how and to what extent we can prevent, and inform public opinion of, possible risks."

Her department, which has taken over responsibility for the Commission's committees of veterinary and scientific experts, is to expand by more than 250 people, including 166 internal transfers and 97 new posts. She has still to present the plans to the parliament, which must approve a supplementary Commission budget.

Along with Ms Bonino's proposals, the Commission published a consultation paper designed to stimulate debate on how EU-wide food legislation can best be made to protect consumers.

Ms Bonino is to propose to the Commission next week that a ban on gelatine derived from British beef – the only part of the EU's ban on exports of British beef and associated products so far to be lifted – should be reintroduced because of fears that processing techniques are not adequate to destroy the protein that causes "mad cow" disease.

# Call for tough action on internal market

By Emma Tucker in Brussels

European Union member states will have to swallow controversial measures such as the creation of a single system of value-added tax and the elimination of border controls very soon if the internal market is to be completed before introduction of a single currency in January 1999, the European Commission said yesterday.

Mr Mario Monti, the Italian commissioner in charge of the single market, said it would take "considerable political will" on the part of member states to do what is necessary in the short time left. But he warned that Europe had "no choice" if it really wanted a single market that delivered more growth, innovation, jobs and living standards.

The list of actions, to be presented to heads of government at the next EU summit in June, covers some of the most sensitive areas of European integration such as tax harmonisation, which have been stalled by strong resistance from member states.

In many areas, such as taxation and border controls, decisions have to be taken unanimously by the 15 member states. Mr Monti will be hard pressed to push the proposals through so long as that remains the case, but majority voting may be extended to some of the sensitive issues during this summer's revision of the EU treaty.

Mr Monti said he was confident his call would win the backing of all member states as the internal market was the "single aspect of the European Union that nobody contests". He also hopes to embarrass the single market's laggards into action by printing details of which member states are not meeting their obligations.

The most controversial proposals in the action plan include the removal of tax distortions, creation of a common VAT system, restructuring taxation of energy products and tightening the rules on state aid.

Mr Monti also proposes a renewed effort to eliminate border controls within the EU, improve rights of residence in other member states and make occupational pensions portable across borders.

Separately, Mr Monti announced plans to clamp down on smuggling that has resulted from removal of internal EU barriers. The EU's transit regime allows goods to enter its territory without paying duty, provided they cross and leave the single market intact, or pay duty at their final EU destination. But many goods never reach their official destination and supposedly trans-EU cargoes end up in EU states, without paying duties.

The failure of customs services to clamp down on such smuggling – mainly of cigarettes – has cost more than Ecu1bn ($1.1bn) in lost revenues, according to the Commission.

The proposals involve computerising transit procedures and increased co-operation between customs authorities.

EUROPEAN NEWS DIGEST

## Portugal fears shares fraud

Portuguese police and securities market authorities are investigating a company suspected of an international share fraud in which thousands of investors in several countries may have been swindled of millions of dollars.

The managing partner of the Lisbon-based company Paramount Portugal has been detained pending investigations and could face fraud and other related charges, according to Portuguese officials. Others linked to the company are also under investigation.

Authorities suspect the company, in which Swiss-based Paramount Securities & Trust Company holds a majority stake, of illegal trading in the shares of three companies and manipulating information to give a false impression of their potential value.

Officials believe up to 5,000 investors throughout Europe and in some other countries may have been left holding shares that are practically worthless. They suspect the company, operating in Portugal since late 1995, was making sales worth about Es650m ($4m) a month.

Investors became concerned when they found they could not sell the shares except back to Paramount at a substantial loss, officials said. *Peter Wise, Lisbon*

## Brussels takes aim at airlines

The European Commission is expected next week to propose extending the scope of EU competition rules to airlines, which currently fall outside legislation covering abuses of a dominant position and restrictive agreements.

The proposal comes in response to growing numbers of strategic alliances between international airlines as the sector, once dominated by state monopolies, is broken up and liberalised. The industry was originally excluded from the EU treaty when it was signed in 1957, but has gradually been brought under its jurisdiction.

The proposal, which must be adopted unanimously by the council of ministers, would clarify the Commission's role in scrutinising alliances and joint ventures – such as the proposed link between British Airways and American Airlines – for their potentially harmful impact on competition in the single market. *Emma Tucker, Brussels*

## Move to admit Italian royals

The son of Italy's last king may finally be allowed to return home, 51 years after he was forced into exile. The cabinet agreed yesterday to a request from Mr Romano Prodi, the prime minister, to present a bill to parliament lifting the ban on the return of male descendants of the royal family.

It would allow the return of Victor Emmanuel, who left Italy at the age of nine and now lives in Geneva. It would also clear the way for his son, Emmanuel Filiberto, 25, who has never set foot in Italy but has become popular as a soccer commentator on Italian television.

Victor Emmanuel's father, Umberto II, reigned for 26 days before being sent into exile in 1946. He died in Geneva in 1983. The monarchy was abolished by referendum after it had been criticised for supporting the Fascist dictator Benito Mussolini. *AP, Rome*

## Commission drafts budget

The European Commission has opened its annual tussle with ministers and the European Parliament by proposing what it called a "rigorous" 1998 draft budget involving only a 2.4 per cent rise in spending to Ecu91.3bn ($103bn). The limited increase results mainly from trimming farm spending and a freeze on administrative spending. It reflects efforts by Brussels to rein in spending after allegations of poor financial management. This year, Commission spending is due to increase only 4 per cent, against 8 per cent in 1996.

The new draft shows agricultural spending rising only 0.45 per cent, although it will still be by far the largest element of the budget at Ecu41bn. Administrative spending would be capped at Ecu2.37bn. Spending on internal policies such as research and trans-European transport and communications networks would rise only 0.5 per cent, and external policies such as aid and co-operation only 0.4 per cent. But "structural operations", or aid projects to poorer EU regions, show a 6.3 per cent increase. *Neil Buckley, Brussels*

## Belarus fines Soros body

Belarus has fined the Belarusan Soros Foundation $3m for alleged currency exchange violations. The attack on the independent foundation comes as President Alexander Lukashenko continues a concerted campaign to quell domestic opposition to his dictatorial rule.

Officials of the US parent foundation, which was established by the financier Mr George Soros to support democratic development in eastern Europe, said yesterday the allegations "are without merit and clearly designed to force the BSF to shut down". The foundation said it would appeal later in the week.

The Minsk government last month expelled the foundation's executive director, Mr Peter Byrne. It is claiming that grants to independent media and civic organisations are not covered by the foundation's tax-exempt status and that it has violated foreign exchange laws. *Matthew Kaminski, Kiev*

## Romanian spy chief quits

General Virgil Magureanu (left), head of Romania's intelligence service, the SRI, and a powerful political figure behind the scenes, is to resign. He has commanded the SRI, successor to the Communist regime's feared Securitate, since the revolution of 1989, in which he was an important figure. Gen Magureanu said yesterday he was resigning because "seven years is enough". The continuity between the SRI and the Securitate, and the issue of civilian control of the security services have both been used as arguments by those opposed to Romania joining Nato.

The general is widely expected to enter politics, and is reportedly being wooed by the Party of Social Democracy, principal successor to the former Communists. His knowledge of many of the hidden workings of Romanian politics and business would doubtless make him a useful, if somewhat worrisome, ally. *Anatol Lieven, Budapest*

## Albanians die in arms blast

An explosion in an underground weapons depot killed at least 22 people and destroyed nearby homes in a remote central Albanian village yesterday. Dozens of families lived near the depot, and the number of casualties is expected to rise.

The explosion occurred as thieves were trying to remove munitions, said Lt Col Giovanni Bernardi, an Italian spokesman for the multinational force that deployed on April 15. It appeared that the depot, in the village of Qafe Shtame near Burrel, 35km northeast of the capital, was not under military guard when it exploded.

Police in Burrel said most of the dead were inside the tunnel. They warned that the fire set off by the blast could spread and cause further explosions. *AP, Tirana*

NEWS: EUROPE

Reduction to 40% of GDP by year 2005 is government aim

# Denmark aims for big debt cut

By Hilary Barnes in Copenhagen

Denmark's centre-left coalition government yesterday set itself the target of reducing the national debt from 57 to 40 per cent of gross domestic product by 2005. This goal even takes priority over lowering the country's tax-burden, currently one of the highest in Europe at about 52 per cent of GDP.

The government's intention is to consolidate Denmark's position as one of Europe's strongest economies and to establish a sound base for the economy as the welfare state comes under growing pressure from a population with increasing numbers of old people in the early years of the century.

Presenting the programme yesterday, Mr Poul Nyrup Rasmussen, the Social Democrat prime minister, pledged himself to reduce unemployment to 5 per cent from about 8.5 per cent at present (or from 5.5 to 3 per cent according to the European Union's harmonised unemployment calculations).

He committed the government to continue its low-inflation policy and to a year-by-year surplus on the current account in order to eliminate the country's foreign debt, currently about 28 per cent of GDP, within the next eight years.

Mr Rasmussen emphasised that maintaining the welfare state was one of the government's chief priorities, suggesting that Danes thirsting for tax reductions will have to be patient. The government's projections show the tax burden falling to about 48 per cent of GDP by 2005.

The economy has experienced a significant turnaround since the early 1980s, when it was plagued by budget and current account deficit problems. The current account has been in surplus since 1989; last year that surplus was about 1.1 per cent of GDP at DKr10.9bn ($1.6bn).

The general government budget is projected to move into surplus this year, and to average 3.3 per cent of GDP over the period 1998-2005.

Unemployment has fallen from a peak of 12.3 per cent in 1993 to 8.1 per cent (seasonally adjusted) in February (or from 9 to 5.5 per cent, according to the EU measure). The GDP growth rate slipped to 2.1 per cent last year as exports were hit by stagnating demand in Denmark's main European markets, but the government and most private forecasters expect it to recover to almost 3 per cent this year and next.

Although Denmark meets the criteria for European economic and monetary union, it has opted out of the single currency and a referendum would be required to change this policy.

# Finmeccanica chief is determined to quit

By Robert Graham in Rome

The Italian government yesterday faced a serious test of its industrial and privatisation policy when Mr Fabiano Fabiani confirmed his decision to resign as chairman of Finmeccanica, the state-controlled defence, energy, high-technology and transport conglomerate.

In resigning after 12 years at the helm of the country's second largest industrial group, he made clear at a shareholders' meeting that he disagreed profoundly with any move to break up Finmeccanica as a means of privatisation. He argued that the synergies of size would disappear and, with them, Italy's biggest single source of technical and technological expertise. Finmeccanica accounts for 10 per cent of Italy's research and development spending.

Before yesterday's meeting parliament's industry commission had approved a resolution, backed by all parties, calling for a delay in replacing Mr Fabiani, one of the last of the state industry barons whose power dates back to the Christian Democrats' hegemony. The Treasury also sought to persuade him to reconsider and is now left with the awkward task of finding a successor and spelling out clearly Finmeccanica's future.

Mr Fabiani's detailed view of that future underlined the extent to which the battle lines are being drawn over his departure and over the role of Iri, the state group which has a 62 per cent controlling stake. His view is directly contrary to that championed by Iri with the backing of Mr Carlo Azeglio Ciampi, treasury minister.

Last Thursday, Iri announced it proposed turning the conglomerate back into a financial holding as a means of breaking it up for privatisation. This reverses the strategic aim pursued over the previous four years – and specifically endorsed by parliament – of making Finmeccanica an integrated industrial holding.

The immediate cause of Mr Fabiani's resignation was the way Iri made its announcement without notification. He told a packed shareholders' meeting he regarded it as "undermining both my position as chairman and my own status".

He then went on to justify his strategy at Finmeccanica which ended 1996 with an exceptional loss of L540bn ($315m) on a L13,883bn turnover. He fully endorsed ending state ownership of industrial groups but "as an integrated unit, not bit by bit". Keeping the group intact "is often a guarantee of keeping it alive – one only has to look at the example of Fokker [the Dutch aerospace group]", he said.

He had hoped to privatise by bringing in core outside industrial shareholders or investors, whose presence would not interfere with the group's operational capacity. "The other option was to hive off individual companies, presumably to foreign competitors," he said. The latter would lead not only to the disappearance of Finmeccanica but "the transformation of its best industrial units into subsidiaries of competitors".

In those cases where Finmeccanica could not reasonably operate in the global market place, it was necessary to forge "structural alliances". Added to this, he said he was convinced a degree of size was necessary to negotiate with high-tech groups forming across frontiers in Europe. Italy had already lost out in telecommunications, IT, nuclear and pharmaceuticals, he warned.

# BA hope over move to Orly

By David Buchan in Paris

French aviation authorities told British Airways last night that in principle it could switch its Paris-based flights to Orly from Charles de Gaulle, where it has complained of poor security at Air Algérie which is near the BA check-in, but the move would depend on sufficient slots being available at Orly.

The DGAC civil aviation authority has thus passed the decision on BA's request to the slot co-ordinator at Orly, a busy airport to which BA and its French subsidiaries already fly. BA in Paris could not say last night whether the airline had unused slots at Orly with which it could accommodate some or all of the 60 inward and outward flights it wants to transfer from Charles de Gaulle.

Yesterday, the aviation section of the CFTC union backed BA's complaint about poor security in the handling of baggage for Air Algérie at Charles de Gaulle. The union issued a statement attacking "the scandalous and irresponsible attitude" of Aéroports de Paris (ADP), which runs Charles de Gaulle as well as Orly, in refusing to upgrade security at Air Algérie. "The lives of passengers, of employees of this company [Air Algérie], of neighbouring companies and of airport staff are at risk," the CFTC said.

But the ADP said yesterday security measures were in the hands of the ministries of transport and interior, which have said they see no basis for BA's complaint. BA has filed a formal complaint against ADP and the French authorities, and France's top administrative council has now directed a tribunal at Melun to rule on the dispute.

BA last night said it did not expect a verdict until the middle of next week. In the meantime, it is asking its passengers with hand luggage to check in directly at exit gates at Charles de Gaulle, and telling travellers with check-in baggage to take other flights.

● Algerian authorities have called in Britain's ambassador over the issue, AFP reports from Algiers. Mr Ahmed Attaf, the Algerian foreign minister told the El Khabar newspaper: "The position of the British company astonished us... it is unfounded.

# Czechs take aim at white-collar crime

Corruption scandals have forced government to tackle the problem, writes **Vincent Boland**

First it was the stock exchange, a haven of insider trading and abuses of shareholder rights. Then it was the disappearance of assets from investment funds owned by millions of small investors.

Now the banking sector is the focus of suspicion as the Czech Republic finally gets to grips with its most pernicious and least acknowledged problem – corruption. In little over a week 13 people have been arrested and charged with a variety of financial crimes at two of the country's leading banks.

The arrests, culminating on Tuesday with charges of "embezzlement and financial wrongdoing" against two of the country's most powerful and controversial bankers, follow the setting up earlier this month of a high-powered commission of leading investigators and regulators to combat white-collar crime.

This has long been acknowledged as a fact of life in the Czech Republic, as it is in other emerging markets. But it burst into the open only recently, with the so-called "tunnelling" of investment funds – the spiriting of assets abroad – leaving ordinary investors facing losses of at least Kč2.5bn ($80m) in the two most publicised cases alone.

Amid a growing clamour for a clampdown, the government initially denied there was a problem. Mr Vaclav Klaus, the prime minister, who is pursuing an anti-regulatory policy on the financial markets, hit out instead at the investment community for "expecting the standards of Wall Street or the City of London" in an emerging economy.

Faced with a slide in foreign portfolio investment and a growing public outcry, however, he has been forced to eat his words. Unveiling a package of measures on April 16 to stimulate the sluggish economy, he committed the government to backing demands for an independent stock market regulator, and acknowledged the problem of fraud by setting up the anti-crime commission.

The arrests at the two banks – Investicni & Postovni Banka, the nation's third largest and partly state-owned, and Agrobanka, the biggest privately owned bank – have been the immediate result, causing an additional, unwelcome problem for the banking sector as it struggles to put a terrible 1996 behind it.

**Government is backing independent stock market regulator, and has set up anti-crime commission**

The big four Czech banks, of which IPB is one, were created in 1990 out of the old Communist-era centralised banking system. They have been partly privatised, but the state is still the dominant owner. Through coupon privatisation, the foundation of Mr Klaus's reform effort, they emerged as large owners of industry, raising questions about the depth of the privatisation drive.

Last year was the sector's worst year since liberalisation at the outset of economic reforms in 1990. A number of small institutions failed, brought down in some cases by fraud among executives. That caused a crisis of confidence in the nation's banking industry as a whole and led, inexorably, to the events of the past few days.

The clampdown on white-collar crime also anticipates the imminent arrival of foreign investment into the financial sector. This has forced a more exacting evaluation of banks' books than has been the case up to now. The state is preparing to sell its 36 per cent stake in IPB, while the central bank is on the point of selling off Agrobanka, which it put under administration last year.

"Foreign investment is often a wake-up call," said one analyst. "People realise negative suspicions have an impact on the value of a stake. Now, maybe the government can get a fair price for them."

The arrests at IPB relate to the bank's purchase of a property earlier this year. On Tuesday, police charged Mr Jiri Tesar and Mr Libor Prochazka, general director and deputy general director of the bank respectively, with "embezzlement and financial wrongdoing" in relation to the transaction.

While there was growing doubt yesterday about the merit of the charges, which the bank has firmly rejected, evidence of a rejuvenated law enforcement effort has been welcomed. Although a successful prosecution has yet to emerge from any financial scandal in recent years, the new get-tough policy could turn the tide.

"This is a good sign for the capital market in general," said Mr Jack Schrantz, head of Raiffeisen Capital & Investment. "It restores some confidence in the idea that the legal system works here."

Bankers are concerned, however, that prosecutors are cautious and ensure they have water-tight cases against those they charge with wrongdoing. In the case of IPB, Mr Zdenek Bakala, chairman of the investment bank Patria Finance, warns: "If they screw this one up it will seriously undermine the wider effort to fight financial crime."

It seems, nevertheless, that the Czech Republic's freewheeling days may be coming to an end.

NEWS: THE AMERICAS

The guns still point at the US, but Castro is fearful of internal capitalist subversion

# Cuba turns against the enemy within

Cuba's armed forces deploy armoured anti-aircraft guns on Havana's seafront Reuter

In the preparations for today's May Day parade in Havana's Revolution Square, Cuba's armed forces deployed mobile anti-aircraft units along the Havana seafront. The 23mm cannon barrels faced northwards towards socialist Cuba's long-standing political enemy, the US, just 90 miles over the horizon.

But Cubans are also being urged to turn their sights inwards, to face a new internal enemy. Not the political dissidents or "counter-revolutionaries" who are regular targets of the Cuban security police. But an altogether more pervasive, subtle enemy that the Cuban leadership claims is threatening the purity and integrity of the island's one-party socialist system.

Cuba's veteran president, Mr Fidel Castro, sought to identify the new threat in a speech last month in which he said socialist Cuba was now confronting not only "external capitalism" but also "internal capitalism".

The "crystal vase" of the nation's former ideological purity had been shattered by the collapse of the former Soviet bloc and Cuban society was now increasingly threatened by "contaminating elements" within its own shores, Mr Castro said.

Not surprisingly, Cuba's new breed of small entrepreneurs complain they are the target of an ideological vendetta.

Failure to prove that produce or inputs are lawfully obtained can be punished by stiff fines or even withdrawal of licences. "They want to put us out of business," one private restaurateur grumbled.

Mr Castro called for an ideological offensive to counter what a subsequent Communist party document termed as "negative phenomena like selfishness, mercantilist psychology, the desire for unfair profit and consumerism".

These, he said had been the result of the reforms Cuba was forced to adopt to salvage its recession-hit economy – such as the legalisation of hard currency use, increased tourism, foreign investment and self-employment.

State media commentators took up the call. "The Yankees and counter-revolutionaries are betting on the hope that the germs of the cancer which yesterday devoured the Soviet Union and other socialist states will also drag us into despair, demoralisation and a loss of confidence," one wrote in the workers' weekly Trabajadores.

Actions followed the words. Last Saturday, the authorities moved to restrict unauthorised migration from the interior to the capital in a bid to curb "delinquency" and overcrowding in Havana.

Across the island neighbourhood block committees, known as committees for the defence of the revolution (CDR), are being mobilised in the latest crusade to restore "socialist legality".

Besides obvious targets such as thieves and prostitutes, the CDR members are being urged to denounce illicit sources of private income, whether from illegal renting of private homes or unauthorised sales of goods or services.

The crackdown closely follows another official offensive to control and regulate Cuba's still fledgling private sector. Cohorts of tax and health inspectors have descended on the self-employed street vendors and private, home restaurants known as paladares which have become one of the most visible symptoms of economic change in post-Cold War Cuba.

Vice-President Carlos Lage, irritated by foreign reports of a crackdown against private restaurants, said: "We're not repressing the paladares, we're repressing thieves". Officials from President Castro downwards insist it is only fair, in a socialist society, that private entrepreneurs who earn many times more than the average state worker's salary should pay taxes.

Nevertheless, the number of Cuba's registered self-employed workers dropped from more than 200,000 at the start of 1996 to around 170,000 this year, although officials say the figure is picking up again.

Today, an impressive number of Cubans will dutifully turn out to celebrate workers' day in an annual ritual of well organised official rallies and marches across the island.

Cuba's rulers, as they do every year, will hail the large turnout as a sign of support for the island's single-party communist system, one of the few of its kind left in the world.

Critics will say many citizens felt pressed to go by intense official propaganda, backed by CDR mobilisations, portraying attendance as a "patriotic duty".

Cuban authorities bill this year's event as a massive popular response to renewed US attempts to kill off the Cuban revolution through the Helms-Burton law, which tightens Washington's economic and political squeeze on the island.

But all the revolutionary rhetoric cannot conceal the strains and tensions of a society struggling to come to terms with its new "contaminated" reality.

**Pascal Fletcher**

# New legal hurdles hamper Brazil mining sell-off

By Geoff Dyer in Rio de Janeiro

The auction of shares in Companhia Vale do Rio Doce (CVRD), the largest mining company in Latin America, is facing fresh legal hurdles and is in danger of being delayed until next week.

The Brazilian government was still hoping to get one of the country's highest courts yesterday to overturn a series of legal injunctions filed by its opponents obstructing the sale.

The sell-off is the first part of Latin America's biggest privatisation and had initially been scheduled for Tuesday.

Mr Antonio Ermírio de Moraes, chairman of Grupo Votorantim, the Brazilian conglomerate and leader of one of the two consortia planning to bid for CVRD, said there was a "75 per cent" likelihood that the auction would not go ahead yesterday. The auction cannot take place today as it is a public holiday.

Mr Luiz Carlos Mendonça de Barros, president of the National Development Bank (BNDES) which is organising the privatisation, said yesterday that new legal actions were still being lodged against the sale around the country, on top of the 110 already filed.

Opponents of the sale argue that CVRD is already an efficient and profitable company, that its huge mineral resources are important for national economic security and that the government is motivated by free-market dogma.

The government has lodged a counter-suit with the supreme tribunal of justice (STJ) claiming that, because of a "conflict of interpretation" among lower courts in the country, it should be left to a higher court to decide on all the outstanding injunctions. The government hoped the STJ would give a verdict on this claim yesterday.

If the case is accepted the government will escape its most significant obstacle, an injunction issued on Friday in a federal court in Sao Paulo which has been upheld in two separate appeals. The government's next opportunity to appeal this case is not until next week.

The Brazilian government had planned to sell a 40-45 per cent stake of voting shares in CVRD, the world's largest iron ore miner, at an auction at the Rio de Janeiro stock exchange. It claims investment and profitability at CVRD will be significantly enhanced under private ownership.

Two consortia have pre-qualified to bid for the shares, one led by Anglo American of South Africa and Votorantim, the other organised by Companhia Siderúrgica Nacional (CSN), Brazil's largest steel maker. CSN was involved in talks with Suzano yesterday to try and persuade the Brazilian paper and pulp company to rejoin the consortium, after it pulled out on Tuesday.

On Tuesday police clashed with over 1,000 protesters near the stock exchange building.

AMERICAN NEWS DIGEST

## Iran branded top terror state

The US administration yesterday accused Iran of being the worst offender among the seven states it accuses of practising or abetting terrorism.

The State Department's annual report on world-wide terrorism said there had been a total of 296 terrorist attacks last year, a 25-year low. This highlighted the fact that "the incidence of international terrorism has dropped sharply in the last decade".

However, the overall threat of terrorism "remained very serious". The number of people killed in last year's attacks jumped to 311 from 163 in 1995, reflecting a trend "towards more ruthless attacks on mass civilian targets and the use of more powerful bombs."

The report defines terrorism as political violence against non-combatants by "subnational groups or clandestine agents" and excludes the mass killing of civilians by aerial bombardment or uniformed soldiers.

The study noted last month's German court verdict, which blamed the Iranian leadership for a multiple assassination in Berlin in 1992. The report also blames Iran for eight assassinations last year – one in Paris, and the others in Turkey or northern Iraq. The report seems likely to sharpen the differences between the US and the European Union over how to treat Iran.

Iraq was "slowly rebuilding its intelligence network," the report said, although it had not so far managed to rebuild its capacity to sponsor international terrorism to levels before the 1991 Gulf war.

Terrorism by Libya had been "sharply reduced" by UN sanctions. The State Department deplored Libya's refusal to hand over intelligence agents indicted for bomb attacks on western airlines. Cuba "no longer actively" supported armed struggle in other parts of the world, but the report said it – along with North Korea, Syria and Sudan – still provided a haven for terrorists. *Bruce Clark, Washington*

## Emu 'no threat' to dollar

Europe's planned single currency is unlikely to challenge the dollar's position as the world's primary reserve currency in the foreseeable future, Mr Lawrence Summers, US deputy treasury secretary, said yesterday.

Mr Summers said it was reasonable to expect some uncertainty over how economic and monetary union would operate. "It is likely to take some time for the markets to become comfortable with and confident in the new currency," he said.

"In such an environment, Emu makes structural labour market and long-term fiscal reforms even more essential to combating unemployment and achieving robust growth," Mr Summers said. *Reuter, New York*

## Sharp boost for Pemex

Petróleos Mexicanos, Mexico's state oil monopoly, paid 41bn pesos ($5.2bn) in taxes and royalties to the government in the first quarter of 1997, a 32 per cent increase over the same period of 1996, according to the company's financial results published this week.

Pemex's tax bill wiped out 90 per cent of its profits, and equalled 66 per cent of total sales revenues. The oil monopoly's income finances more than one-third of all government expenditure. Its single contribution is greater than all the taxes paid by the rest of Mexico's companies put together. The government raised Pemex's tax burden sharply following Mexico's financial crisis to compensate for the sharp drop in other fiscal revenues. *Leslie Crawford, Mexico City*

NEWS: INTERNATIONAL

# Pact will regulate registration of Internet addresses

By Frances Williams in Geneva

An international accord will be signed today in Geneva that promises to lower the cost of registering Internet addresses and curb the "hijacking" of well known names for resale.

The Memorandum of Understanding sets up a new self-governing system for the registration of Internet addresses that will bring to an end the lucrative monopoly now held by Network Solutions Inc (NSI) of the US on the present three generic domain names – .com, .org and .net.

The plan is supported by several big Internet service providers including MCI and UUNet Technologies of the US, telecoms companies such as France Télécom and Sweden's Telia, and groups such as the Internet Society which link corporate and individual Internet users.

However, a number of companies and governments, including the US government and the European Commission, have complained about the hasty way the proposals were drawn up by the International Ad Hoc Committee, an expert group convened by the Internet Society and the Internet Assigned Numbers Authority.

Ms Francine Lambert, spokeswoman for the International Telecommunication Union, which will act as depository for the MoU, said yesterday many of these concerns had been allayed during a three-day meeting in Geneva called by the Ad Hoc Committee to explain its proposals. The meeting ends today with the signing ceremony.

Under the new system, expected to be in operation by the end of this year, up to 28 registrars from seven world regions will initially be appointed to compete with one another in registering Internet addresses.

To relieve pressure on the three existing generic domain names, now chosen by nearly 40 per cent of all Internet hosts, another seven will be created – .firm (businesses), .store (goods for sale), .web (World Wide Web activities), .arts (culture), .rec (recreation), .info (information) and .nom (individual web sites).

The registrars will use a shared database managed by a Council of Registrars (Core) and overseen by a policy advisory body made up of signatories of the accord. The Geneva-based World Intellectual Property Organisation (Wipo), which handles international patent, copyright and trademark conventions, will provide an on-line dispute settlement and mediation service.

NSI, which charges $100 for a two-year registration, has had a monopoly on registration of the three existing domain names since 1993 under an agreement with the US National Science Foundation, since when its registrations have soared from about 400 to 100,000 a month.

The foundation announced last week that it would not be renewing the deal with NSI, which expires next March, freeing the domain names for competitive registration. NSI's lock on these names has encouraged the establishment of "rogue registries" with the consequent risk of non-unique addresses and disputes.

The new system of Wipo arbitration should also make it more difficult for people to hijack well-known names and trademarks hoping to re-sell them to the owners. Victims have included Harrods, the luxury London department store, the McDonald's fast food chain and MTV music television stations.

## New hope of talks on Zaire

By Michael Holman

Zaire's fragile peace initiative was revived yesterday as President Mobutu Sese Seko succumbed to renewed diplomatic pressure and agreed to meet Mr Laurent Kabila, the country's rebel leader.

"The meeting will take place on Friday on a South African ship. The ship will be sailing from Libreville into international waters," Mr Bill Richardson, Washington's ambassador to the UN, announced last night after further talks with Mr Mobutu in Kinshasa.

Several African leaders, including President Nelson Mandela of South Africa and his deputy, Mr Thabo Mbeki, as well as its UN envoy, Mr Mohamed Sahnoun, are expected to attend the talks.

Although the agenda for the summit has not been disclosed, diplomats said yesterday that it would include proposals for free and fair elections, and the terms and composition of a transitional administration.

At yesterday's meeting in Kinshasa Mr Richardson is understood to have reinforced "a strong blunt message" from President Bill Clinton, originally delivered at a meeting with Mr Mobutu on Tuesday.

It was again made clear, say African diplomats, that the time has come for the 66-year-old president to quit the political scene.

## Nigerian violence rattles oil giants

### Ethnic groups are demanding bigger share of the pie, reports Antony Goldman

For the second time in a month, the Anglo-Dutch oil giant Shell was this week forced to invoke *force majeure* on its oil exports from Nigeria as ethnic violence around the southern port of Warri continued to halt production from several installations.

This would mean in effect defaulting on delivery contracts by as much as five days due to circumstances beyond its control.

"Dialogue is taking place with community leaders," said Mr Precious Omuku, a company spokesman, "and we are very optimistic of resuming operations soon." Some of the installations were re-opened yesterday.

The situation in the region remains extremely tense, however, six weeks after fighting between rival Ijaw and Itsekiri communities erupted.

Shell has been losing about 80,000 b/d from its onshore facilities since the weekend, just under 10 per cent of its total Nigerian output. Chevron, the other significant operator in the area, which by contrast has most of its installations offshore or in inaccessible swamp areas, says its production has continued as normal.

Hundreds of people have been killed in a spiral of attacks and reprisals since the controversial relocation of a local government headquarters to an Itsekiri area last month.

The Ijaws, the fourth largest ethnic group in Nigeria, complained that the move would further deny them access to limited resources reaching the area.

Mr Richard Tosunwumi, a spokesman for the Itsekiri community, argues that the local government issue alone cannot explain the descent into violence.

"This trouble is not of our making. We have heard about the Ogonis and now we are afraid it is coming down here," he said, referring to the militant campaign, led by Ken Saro-Wiwa the minority rights activist executed in 1995, for a fairer share of the nation's oil wealth for those communities from where production actually takes place.

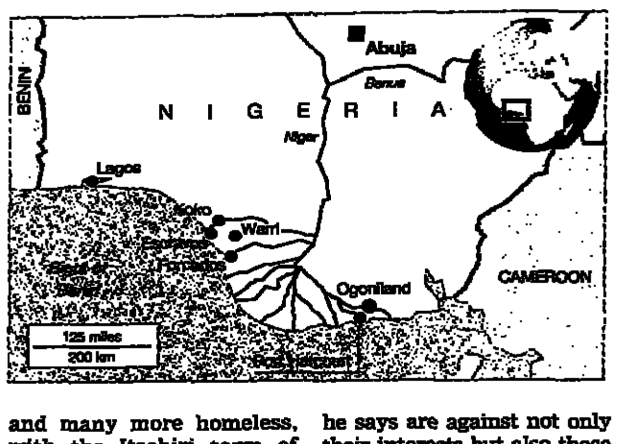
While control over the land around Warri has been a matter of dispute between the two communities for generations, others agree that, as with the Ogonis, the increasing alienation of the younger generation from all figures of authority, whether traditional or in government, is a critical factor behind the current unrest.

"The youths are disillusioned, they have nobody to rely on," argues Mr Emanuel Urhobo, a lawyer in Warri. "There ought to be some way of accommodating them, bringing them into the system, instead of just watching them go wild."

Activists in Warri, the second-largest oil producing centre in Nigeria, complain that the area has seen little in the way of development despite the extraction of so much wealth over the last 30 years. While operators have recently expanded community relations projects, there are still complaints over compensation for environmental damage to the creeks, rivers and mangrove swamps which dominate the region.

The oil companies say it is up to the central government to resolve what are essentially political problems connected with the distribution of revenue accruing from the oil sector.

The response of Nigeria's military government has so far been to deploy heavily armed troops and move in naval patrol boats.




While a tense calm has replaced the bloodshed in Warri itself, where the two communities live alongside a third group – the Urhobos – security has been far harder to establish in the surrounding rivers and creeks, where Shell produces 450,000 b/d.

There are few indications of a negotiated settlement to the conflict, or of an imminent peace. "It is a complex problem which has been building over a long period," says a senior Shell manager in Warri. "Even if they let us resume production, nobody expects the wider tensions to be solved overnight."

Two villages were hit on Monday by raiders armed with cutlasses and automatic weapons, travelling by speedboat late at night. Several people were left dead and many more homeless, with the Itsekiri town of Koko largely deserted after an Ijaw attack last week.

"This is a political problem, an ethnic problem," according to Mr Wale Agunbiade, a spokesman for Chevron in the commercial capital, Lagos. "Oil companies are getting caught up in disputes not of their own making."

Since Saro-Wiwa's execution there has been a series of incidents across the oil-producing Niger Delta, where communities and individuals have taken direct action against western companies either to redress perceived grievances or to attract attention to a part of the country traditionally ignored by the central government.

Mr Dan Etete, the minister for petroleum resources, has urged oil companies to increase community programmes in the region, while also warning locals against taking actions which he says are against not only their interests but also those of the nation as a whole.

Nigeria depends on the 2m b/d oil sector for more than 90 per cent of its foreign exchange earnings. But in addition to ethnic unrest around Warri, the industry has been beset by wildcat industrial disputes, one of which briefly disrupted loading of more than 400,000 b/d by a Shell subcontractor near the other big production centre of Port Harcourt a week ago. In other incidents, expatriate workers have been held against their will.

Privately, European and US oil companies complain that government mismanagement is behind the industry's poor health. And while they continue to make handsome profits, several operators are looking to the undeveloped and politically less problematic deepwater sector as a focus for their development plans.

Chevron on stream, Page 20

INTERNATIONAL NEWS DIGEST

## WHO chief to stand down

Dr Hiroshi Nakajima, the controversial director-general of the World Health Organisation, said yesterday he would not stand for re-election when his second term of office expires next year.

Dr Nakajima, a 69-year-old Japanese, has been fiercely criticised by the US and other western countries for poor management and weak leadership since he took over at the helm of the United Nations agency in 1988.

His announcement, made to Japanese reporters in Geneva, comes just before the WHO's annual meeting, which starts on Monday, and follows recent indications by Ms Gro Harlem Brundtland, the former Norwegian prime minister, that she would be a candidate if asked. She is reported to have been approached by several countries already. *Frances Williams, Geneva*

## Iran cool on EU envoys

Iran said yesterday it would not welcome a quick return of Germany's ambassador to Tehran and would not rush its envoys back to Europe, in a further deterioration of ties with its main trading partner Europe.

In a deluge of separate statements by its leaders, Tehran attacked the European Union – which on Tuesday decided to halt ministerial ties with the Islamic republic – for "childish games" and "unfair, ill-intentioned and shameless" policies.

EU foreign ministers had said they were suspending ministerial ties over an April 10 German court verdict accusing Iranian leaders of ordering the 1992 killings of four Kurdish dissidents in Berlin. *Reuter, Tehran*

## Israeli minister resigns

Mr David Magen, Israel's deputy finance minister, yesterday announced his resignation over the findings of the recent corruption scandal, which unveiled a climate of intrigue and suspicions over the short-lived appointment as attorney-general of Mr Roni Bar-On.

Mr Magen, a member of the Gesher faction in the governing Likud party, is the first senior official to quit in opposition to the way Mr Benjamin Netanyahu, the prime minister, tried to brush aside the investigations and criticise the media, which first broke the scandal last January. He also said he would try to persuade other officials to join him. *Judy Dempsey, Jerusalem*

NEWS: WORLD TRADE

# Divisions over report on Japan trade

### US commission backs feasibility study of comprehensive pact but three members dissent vigorously, reports Nancy Dunne

A presidential commission yesterday recommended that the US "study the feasibility" of negotiating a comprehensive trade pact with Japan, to combat anti-competitive business practices and investment restrictions and promote regulatory reform and US-Japan market integration.

The commission, appointed a year ago by President Bill Clinton to recommend policies to open Asia-Pacific markets, also proposed more help for China to move towards a wider market economy; broad negotiating authority for the president to negotiate selective free trade deals in Asia; and further efforts to promote human rights, workers' rights and environmental policies in the region.

However, the report came under attack even before its publication. Three of the 17 members issued a stinging dissent, saying that "instead of defining the national interest in expanding trade with the Asia-Pacific nations, it asserts a series of platitudes about the virtues of free trade" and fails to address the consequences of the massive US trade deficits with Asia.

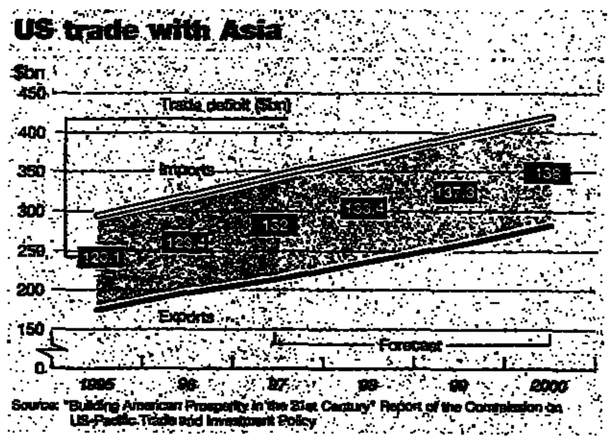
Senator Jeff Bingaman, who had pushed for creation of the commission, said he might support a comprehensive market agreement with Japan but, like the dissenters, complained of "the majority's dismissal of the significance of trade deficits".

The commission was headed by Mr Kenneth Brody, former chairman of the US Export-Import Bank, who noted that opinion on the panel ranged across the ideological spectrum. "The fact that such a diverse group came to agreement on so many issues makes it likely that the report's recommendations will be supported by the American people," he said.

The dissenters, however, said the report's conclusions were "out of touch with the economic concerns of the US public" and its recommendations "focus narrowly on the interests of US investors, not workers". One of the dissenters, Mr Kenneth Lewis, former head of Lasco Shipping, said he joined the commission as "an ardent free trader" but became concerned because data dealing with deficits were eliminated from the report.

Using the commission's own figures, the dissenters said the US trade deficit with the 10 Asia-Pacific countries would grow from $196bn in 1996 to $282bn in 2000. "Massive and continuing trade deficits matter," they said. "Lopsided and unreciprocal trade is displacing more jobs than it is creating."

Mr Clyde Prestowitz, commission vice-chairman, said there had been "a great divide" in the commission, and that he had wanted to included data on the deficits. However, it would not have changed the report's recommendations, so he agreed with the majority who chose to set the information aside.




The majority of the commission focused on the booming Asian market and criticised the US policy-makers for paying only "episodic and insufficient attention" to the region. Against aggressive European and Japanese competitors, the US "failed to provide adequate resources to bolster US economic involvement". Spending on trade promotion dropped from $691m in 1995 to $323m in 1997.

It called for systematic monitoring of anti-competitive practices and suggested giving the US trade representative a joint role with the US Federal Trade Commission in applying US anti-trust laws to anti-competitive behaviour by foreign companies in the home markets. It said sectoral negotiations with Japan had become "reactive and adversarial," casting the US as a bully, "while allowing Japanese negotiators to assume the position of defender of the national patrimony against unreasonable foreign demands".

It said a comprehensive market agreement with Japan would provide "a mechanism for broad engagement while giving the Japanese reforms a concrete means for overcoming objections."

WORLD TRADE NEWS DIGEST

## HK runway deal awarded

A Sino-European consortium of three companies including Amec of the UK has won the contract to build the second runway at Hong Kong's new airport. The contract, which includes construction of the runway and taxiways, drainage and an electrical distribution system, is worth HK$995m (US$128m) – including options for extra work – and is expected to take 19 months to complete. The two other members of the joint venture are China Fujian of China and Heilit & Woerner Bau of Germany. The consortium will also be responsible for facilities for the Civil Aviation Department and Hong Kong Observatory.

Phase 2 works, including the second runway, will enable the new airport on Lantau island to increase capacity from 37/38 aircraft movements an hour to 50 an hour in the first year of commissioning, Dr Henry Townsend, chief executive officer of the Airport Authority said. The first phase is still on track for completion and opening in April next year. *Louise Lucas, Hong Kong*

## US halts grain complaint

The US yesterday withdrew its request for a World Trade Organisation panel to rule on its dispute with the European Union over customs duties on grain, following the EU's approval earlier this month of changes to the tariff system to allay US concerns.

The on-off spat has been running in the WTO for nearly two years. US officials in Geneva said yesterday that the EU's decision on April 18 to bring in a new rice import scheme and a new tariff quota for malting barley appeared to signal the end of the dispute, though Washington would be carefully monitoring implementation.

Also at yesterday's meeting of the WTO's dispute settlement body, Indonesia rejected Japan's request for a panel to rule on Jakarta's "national car" policy (though it will have to agree next time around), and Hong Kong raised concerns over Brazilian safeguard measures affecting imports of textiles. *Frances Williams, Geneva*

## Spanish to build NZ ferry

Tranz Rail, the New Zealand national transport group controlled by Wisconsin Central, has signed an agreement with the Spanish shipyard Hijos de J Barreas to build a 9,000-tonne road and rail ferry. The new NZ$90m (US$55m) ship will be the first of three being built over the next decade as part of a NZ$500m programme to replace Tranz Rail's fleet of ferries, which form the main transport link between the North and South Islands. The new ship will be built at the Vigo shipyard 30km north of the Portuguese border. *Terry Hall, Wellington*

## Knocking on Europe's door

Alliance International, a company associated with Mr Ross Perot, the US billionaire, is to invest in a new freight forwarding operation at Knock airport in the west of Ireland, following the government's announcement on Tuesday that it would grant special tax status to Ireland's seven regional airports.

Mr Enda Kenny, minister for trade and tourism, said the company would create up to 2,000 jobs in the next three years.

Knock, an airport built to facilitate pilgrimages to a local Catholic shrine to Our Lady, plans to use the site as a bridgehead into Europe. *John Murray Brown, Dublin*

## Mexico may impose tariffs on Russian steel

By Leslie Crawford in Mexico City

Mexico has become the latest of a growing list of countries to consider imposing anti-dumping duties against imports of Russian and Ukrainian steel.

Altos Hornos de México (Ahmsa), the country's largest steel producer, has petitioned the government to impose a 64 per cent anti-dumping tariff on steel from the former Soviet Union.

The company said that 31,000 tonnes of Russian and Ukranian steel plates had entered the Mexican market between May and December last year, taking 9 per cent of the domestic market and forcing a sharp fall in prices.

Ahmsa said the continued import of cut-price Russian steel threatened investments worth $3bn planned by the Mexican steel industry over the next three years.

The collapse of domestic demand in the former Soviet Union has led to a sharp increase in Russian steel exports, which have grown from 6m to 28m tonnes over the past five years and now account for 1.2 per cent of gross domestic product.

In December, Chile became the first Latin American country to impose a 20 per cent anti-dumping tax on steel imports originating from Russia and the Ukraine.

"Chile was reluctant to do so, due to its free trade philosophy," says Mr Mauricio Rebeco, a steel analyst with Salomon Brothers in New York.

"Chile would have preferred Latin America to adopt a regional stance against the dumping of Russian steel; it began consultations with other governments, but finally decided to take unilateral action."

Mr Rebeco said more Latin American governments could take similar action against the flood of poor-quality steel from the former Soviet Union.

Steel producers in Canada and the US, countries which imported more than 2.4m tonnes of steel from countries of the former Soviet Union last year, have also lodged unfair trading complaints before their trade ministries.

In the US, the International Trade Commission is expected to begin analysing dumping charges brought by Geneva Steel and Gulf States, two US manufacturers, next month. A ruling is expected by September.

In Asia, Thailand, Indonesia, India and Taiwan are studying the imposition of anti-dumping tariffs against Russian steel, while the European Union has imposed strict import quotas on east European steel products since the early 1990s.

## Aeroflot snubs Yeltsin by buying Boeing jets

By John Thornhill in Moscow

Aeroflot, Russia's international airline, has signed a controversial $400m contract to purchase 10 US-made Boeing 737-400 aeroplanes, in spite of an aggressive "buy Russian" campaign launched recently by President Boris Yeltsin.

Mr Valery Okulov, Aeroflot's acting general director, said the Boeing aircraft were best suited to meeting the airline's goals of better passenger service, increased profitability, and greater competitiveness on its international routes.

But Aeroflot's decision could spark some heated discussions around the Yeltsin family dinner table, given that Mr Okulov is married to the president's eldest daughter, Yelena.

In a recent radio address, Mr Yeltsin urged his compatriots to buy Russian-made goods to help lift the economy out of recession – picking up a theme first aired by Mr Boris Nemtsov, who became first deputy prime minister in March.

Mr Nemtsov has told bureaucrats to drive Russian-made Volga cars rather than their more comfortable – and expensive – Mercedes and Audis. However, the decree already appears to have been widely flouted.

The possible purchase of the Boeings has aroused controversy for months, with Mr Vladimir Zhirinovsky, the inflammatory nationalist politician, calling on the government to prosecute Aeroflot's directors if they buy abroad.

The Russian aerospace industry, once among the most powerful in the world, has been hit hard by the transition to a market economy. But there are some signs it is beginning to adapt to the new realities.

Aeroflot recently ordered 20 Russian-made Il-96T cargo and Il-96M passenger aircraft, equipped with US-made Pratt and Whitney engines. The manufacturer, Ilyushin, now aims to break into the international market with its efficient wide-body aircraft.

The Russian carrier will take delivery of the first Boeing next April, with the rest coming into operation the following year, mainly on European routes. It is financing the purchase through its own internal resources and a banking facility arranged by the Chase Manhattan bank.

Aeroflot lost most of its domestic routes after the collapse of the Soviet Union to a host of competing carriers known as "babyflots". But the airline has retained 70 per cent of Russia's lucrative international routes and is one of the country's most profitable companies.

# Who's devel[illegible] new therapies to [illegible] organ transplants more succes[illegible]

Marc Dewey, recipient of a bone marrow transplant, and Deanna Arnold, a recipient of an emergency liver transplant, standing in front of the church where they were married in April. Both transplants were made successful with new medicines developed by Novartis.

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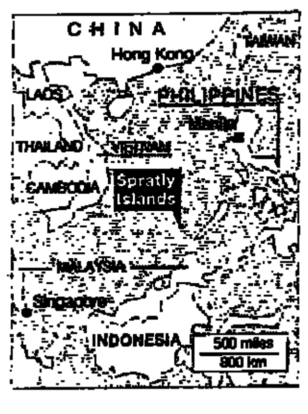
# Philippines on alert over Spratlys

By Justin Marozzi in Manila




The Philippines government yesterday said its forces were on alert in response to the reported sighting of three Chinese warships in the area of the disputed Spratly islands.

The Philippines foreign ministry told Mr Guan Dingming, Chinese ambassador in Manila, of its concern, while President Fidel Ramos said he was awaiting reports before filing a protest to Beijing.

"Our various action agencies are also alerted to make sure that the territorial integrity and national sovereignty of the Philippines are properly and effectively protected," Mr Ramos said.

The Spratlys are a cluster of 190 South China Sea islands which are believed to be rich in oil and mineral deposits and are claimed in part or in whole by China, the Philippines, Malaysia, Brunei, Vietnam and Taiwan. They are regarded as the most likely flashpoint in the region.

The Philippines air force said three frigates, first reported around the Kota and Panata islands – which are claimed by the Philippines – over the weekend and accompanied by what are believed to be four fishing vessels, were still in the area.

Philippine reconnaissance aircraft has also discovered a "hut-like" structure built over a reef six miles north-east of Kota island.

A foreign office official in Manila said she had been told by Mr Guan that he was unaware of the presence of the ships in the Spratlys and that China had "no intention of invading the Philippines".

The Philippines has bilateral agreements with Vietnam and China for peaceful resolution of the territorial dispute. The Vietnamese government yesterday called for calm and reiterated the call to claimants to the islands not to use force.

Members of the Association of South-east Asian Nations (Asean) are concerned at what they see as Beijing's flexing of muscles in the region. China has unresolved territorial disputes with other Asian states, including oil drilling rights with Vietnam in the Gulf of Tonkin and the islands it refers to as Diaoyus and Tokyo calls Senkakus. Last October, Japanese nationalists built a lighthouse on the islands, provoking a serious row between China and Taiwan.

The current stand-off between Manila and Beijing is the second in three years. Relations hit a low in 1995 when Manila accused Beijing of building naval structures on Mischief Reef. China maintains the structures, which have not been dismantled, were for fishermen. The incident intensified pressure on the Philippines to push through its armed forces modernisation programme.

# Relations with China test Clinton administration

By Bruce Clark in Washington

**President Bill Clinton conferred yesterday with Mr Qian Qichen, the Chinese foreign minister, amid growing signs that Congress may seek to put a time limit on the renewal of Beijing's trading privileges. The meeting was also overshadowed by US allegations that China attempted to influence Washington's decision-making process through the covert use of political donations.**

**Mrs Madeleine Albright, the US secretary of state, has already conveyed to Mr Qian her "serious concern" over these allegations – only to be met with a firm denial from Beijing that it had attempted to buy influence.**

**Suspicion over donations, and nervousness over Beijing's plan for Hong Kong, have turned relations with China into one of the most politically sensitive external issues for the Clinton administration.**

**With the Republican party, which controls Congress, divided over China, there were indications yesterday that legislators will seek a compromise, based on a shorter time limit, when China's most favoured nation (MFN) trading status comes up for annual renewal in June. Mr John Boehner, a Republican Congressman from Ohio, has proposed that MFN be renewed for six months only, while giving President Clinton the right to extend the measure if China meets certain standards in its policy towards Hong Kong, Taiwan and trade.**

# Japan puts money on Hong Kong

**Handover to Communist China has its risks for business, but corporate Japan still sees the territory as a good bet, write John Ridding and William Dawkins**

China's insistence that Hong Kong is an internal affair cuts little ice with the territory's economic partners. The shift from capitalist to communist sovereignty raises risks and uncertainty that have thrust July's handover to the forefront of international attention.

Few have as much at stake as the Japanese. "This was where many of our companies started their overseas activities," says Mr Hideaki Ueda, Japan's consul general. Since then, the Japanese presence has risen to 2,000 businesses, including 68 banks. Some 24,500 Japanese nationals live in Hong Kong; there are almost as many Japanese as Britons.

While all economic partners ponder the business implications of the handover, Japan has added political concerns. Last year, demonstrators stormed its consulate, enraged by a Sino-Japanese territorial dispute over a group of islands in the East China Sea. It was a rare flash of anger in the generally calm colony. And though it died down quickly, it raised concerns that anti-Japanese sentiment could be stirred by local political groups.

Japan's business community nevertheless appears calm. Mr Ueda expects business and political ties to remain robust and that Hong Kong will remain a central part of the plans of corporate Japan. "It will be a major challenge for Hong Kong to achieve a smooth transfer. But I remain confident," he says.

Proof of confidence can be seen in continued expansion of business interests, says Mr Yoshiaki Ishii, regional director for Mitsubishi Corporation and chairman of Japan's chamber of commerce. "Between 1989 and 1995 the number of Japanese companies here almost doubled and we are now seeing a rise of about 5 per cent each year," he says. Japanese investment in Hong Kong has risen from about US$8bn in 1989 to more than US$16bn today.

That confidence is matched in Tokyo. Mr Susumu Yoshida, senior managing director of Nissho Iwai, which has the equivalent of US$2bn annual sales in the territory, says: "We plan to continue to expand. We like to believe that mainland China will continue the one-nation, two-systems policy. For their own benefit, the mainland Chinese would have to continue to give Hong Kong something like the autonomy it has today."

No Japanese investor has made a greater commitment to Hong Kong than the Yaohan retail chain, which moved its world headquarters there in 1990, the first Japanese company to move its base outside Japan. That commitment is undiminished, says Mr Tomomi Takeda, Yaohan's Japanese public relations officer.

Yaohan believes the rich middle class which constitutes its prime market will continue to prosper after July 1. The group has, however, noticed a rise in consumers' tendency to save, rather than spend, a sign of caution about the economic future.

Part of the rise in corporate Japan's investment in Hong Kong reflects expansion into southern China. Mr Masaru Inoue, director general in Hong Kong of Jetro, the Japanese export promotion agency, estimates there are about 400 Japanese manufacturers in the Shenzhen special economic zone, including a network of suppliers and subcontractors.

The Bank of Tokyo-Mitsubishi, one of the largest Japanese lenders in Hong Kong, says it "cannot invest enough" to service Japanese companies' Chinese expansion. Mr Hirotake Oie, the bank's senior manager for Asia and Oceania, says the handover makes no difference to his very "positive view of Hong Kong" as a base from which to lend to Japanese manufacturers in China.

The only issue on which he hints at slight caution is the stability of the Hong Kong dollar after the handover. "We do have an opinion on the Hong Kong dollar, but it is not appropriate to mention it," he says.

With the expansion of the southern Chinese economy, Mr Ishii of Mitsubishi Corporation – independent from the bank – predicts further investment growth in Hong Kong. But there are important conditions. Privately, Japanese businessmen stress that the territory's edge depends on the maintenance of autonomy and the rule of law promised in the Sino-British treaties. Corruption is another area of concern.

"Hong Kong is not cheap. So, if it loses its advantages in other areas, then there will be more temptation to operate directly in China," says one trading company executive.

Mr Ueda refers to the changes facing Hong Kong as a process of "Chinaisation". This involves "a more oriental way of doing business", with more emphasis on connections. As a consequence, Hong Kong might lose some transparency.

But change, says Mr Ueda, will not be enough to undermine Hong Kong's attractions. "Even a deteriorating Hong Kong would be far better than emerging Shanghai or Dalian," he argues. "I don't think Shanghai can take the functions of Hong Kong, even in two or three decades."

Unlike the US, which has criticised China's plans to tighten laws on civil liberties, Japan has remained silent on the issue. Mr Ueda says civil liberties are not in danger, and describes the handover process as surprisingly smooth. Nor is he disturbed by the risk of a stronger Chinese nationalism after the Union flag is lowered. Last year's anti-Japanese protests prompted concern, but little lasting damage, he believes.

"Certainly we will see a stronger identification as Chinese among Hong Kong people, but I don't think a narrow sense of nationalism or patriotism will prevail," he says. "Hong Kong people are too cosmopolitan."

## ASIA-PACIFIC NEWS DIGEST

### Chinese party official freed

Mr Bao Tong, former secretary of Mr Zhao Ziyang, China's deposed party chief, has been released from a year of house arrest and allowed home; but police are maintaining round-the-clock surveillance to block unauthorised contacts. Mr Bao, the most senior official sentenced after the 1989 pro-democracy riots, completed a seven-year jail term last year, but continued to be held under house arrest, prompting international protests.

His political rights have been suspended until May 1998, which prevents him from meeting foreign reporters. The authorities fear that Mr Bao, who was convicted of leaking state secrets, will provide an "insiders' account" of argument in the leadership about the use of the army to crack down on protesters. *Tony Walker, Beijing*

### Kim's son under investigation

South Korean prosecutors yesterday said they were investigating whether the son of President Kim Young-sam had accepted up to $1m in possible kickbacks from businesses for influence-peddling. Mr Kim Hyun-chol is expected to be questioned by prosecutors early this month and could face arrest, further damaging his father's administration, mired in the Hanbo bribes-for-loans scandal. Two close associates of the junior Kim, meanwhile, were arrested yesterday on bribery and influence-peddling charges in connection with the awarding of broadcast licences. *John Burton, Seoul*

### Malaysia raises power prices

Malaysia yesterday approved its second electricity price increase in just over a year, raising tariffs by 8 per cent. Economists fear the move will undercut manufacturing competitiveness and fuel inflationary pressure. Mr Leo Moggie, minister of energy, telecommunications and posts, said tariffs would be raised by 1.8 cents (0.7 US cents) to 23.5 cents a kilowatt hour from next month. He said the ceiling price for gas sold to Tenaga Nasional, the national power utility, would be cut from M$7.11 (US$2.83) to M$6.4 (US$2.55) per 1m Btu until 2000.

The increase was granted to help Tenaga Nasional, the troubled national power utility, and marks an end to months of government insistence that Tenaga must make do without higher prices. *James Kynge, Kuala Lumpur*

### Taiwan to allow stock futures

Taiwan's finance minister, Mr Paul Chiu, has backed the lifting of a ban on local trading of offshore Taiwan stock-index futures in Chicago and Singapore. The proposed changes will go to the cabinet for final approval shortly. Taiwan futures houses will be allowed to trade futures linked to Taiwan's share market performance on the Chicago Mercantile Exchange and Singapore International Monetary Exchange. *Laura Tyson, Taipei*

■ Japanese housing starts rose 9.8 per cent from a year earlier to 1.63m units in the year to March, the construction ministry said yesterday. *AFP, Tokyo*

# Taiwan plans new role for postal savings bank

By Laura Tyson in Taipei

Taiwan plans to convert its massive postal savings system – with deposits exceeding T$2,200bn (US$80bn) – into a specialised state-owned bank that could grant loans for large-scale infrastructure development.

This would be part of a break-up of Taiwan's monopoly postal system to try to improve its efficiency and service.

The postal delivery service faces stiffer competition from enterprising "grey market" rival courier services that have proliferated across the island in recent years. Foreign couriers are also keen to enter the domestic market, from which they are now banned.

With its network of over 1,000 branches, several times that of the island's biggest banks, the postal savings system is already a formidable competitor to retail banks.

Interest earnings on postal savings are tax-exempt – an advantage resented by other banks, which are lobbying to put to an end it.

Taiwan's postal savings system benefited from a series of bank runs in 1995 and 1996, and deposits rose substantially as depositors flocked to what was seen as a safe haven.

The plans under discussion for a shake-up of the postal system are to be finalised by the end of June and must then be approved by the cabinet and the national legislature.

Under the proposed wide-ranging restructuring of the transport ministry's directorate general of posts, the regulatory functions of the postal system would be split off from the postal operations.

Under these plans, the postal supervisory authority might be combined under one roof with its counterpart for the telecommunications industry, the directorate general of telecommunications (DGT), also part of the transport ministry. This could allow synergies between the fast-converging spheres of posts and telecommunications.

The postal system may be broken down into several state corporations – including one for postal delivery operations, one for postal banking operations and another for insurance services offered by the post office. The banking and insurance services may be placed under a holding company yet to be formed.

In a similar liberalisation last year, the operations arm of the directorate general of telecommunications was spun off into a state-owned corporation, Chung Hwa Telecom, as part of a measure to end a state monopoly on the telecoms industry.

The postal service is already considering forming alliances with the newly privatised cellular telephone and paging sectors to provide advanced services.

# Investments that tie Taipei and Beijing

**Laura Tyson** and **James Harding** report on a tug of loyalties and cheque-books

A tug-of-war over the hearts and cheque-books of Taiwanese industrialists is shaping up between Taipei and Beijing.

While Taipei is trying to rein in entrepreneurs wanting to invest large sums on the opposite shores of the Taiwan strait, Beijing is stepping up efforts to woo investments from the wealthy island it regards as a renegade province.

The argument, though, is only partly about commerce. As in other scuffles between Taipei and Beijing, both sides are looking for leverage in future talks on their relationship, made all the more pertinent on the eve of Hong Kong's reversion to Chinese rule on July 1.

Mr Qian Qichen, China's foreign minister, earlier this month appealed to Taipei not to obstruct Taiwanese businessmen from investing in China and pledged full protection for their businesses.

"We will not affect or interrupt cross-strait economic co-operation with political differences. Rather we will promote such relationships by encouraging Taiwan business people's investment and follow the law in protecting Taiwan compatriots' investment and expanding trade," he said on a visit to Xiamen, the port city on China's southern coast that faces Taiwan.

The two sides last week resumed limited direct cross-strait shipping services, easing a ban dating back to 1949. The first Taiwanese invested bank is due to start operations this summer and Mr Di Weiping, vice-president of the People's Bank of China in Shanghai, says the central bank will encourage more Taiwanese financial institutions to set up banks on the mainland – in spite of a Taipei ban on investment in financial ventures.

As much as China needs the money, though, Beijing's courtship of Taiwanese investors is driven by political considerations.

"The more the Taiwanese have economic interests in the mainland, the more they will assume political ties with the mainland. The Chinese have seen this play out in Hong Kong – the major supporters of the Chinese position in Hong Kong have substantial investments in mainland China," explains one diplomat in China. By the same token Taipei is obstructing investments "to extract the maximum possible advantage when and if they come to discuss reunification, under the Hong Kong model of one country, two systems".

From the international perspective, he adds, the growth of mainland Taiwanese investment is "a positive development". It forces Beijing to pursue its goal of reunification with Taiwan in a "more sensitive way, rather than firing missiles across the Taiwan strait" – a reference to China's military manoeuvres last year at the time of Taiwan's first democratic presidential elections.

Mistrustful Taipei, however, fears its economy may become too dependent on what it sees as its menacing giant neighbour and tries to regulate capital flows from Taiwan to China through rules, moral persuasion and arm-twisting.

Potentially the largest single Taiwanese investment in China – a $3.2bn power project involving Formosa Plastics, a petrochemical concern and Taiwan's biggest private industrial group – has prompted a public wrestling match between Taiwan's government and its leading industrialist.

Mr Wang Yung-ching, Formosa Plastics chairman, has admitted he has broken ground on the power plant project, which is formally banned by Taiwan's cross-strait relations law, forcing an embarrassed Taipei to explain the curbs it imposes on Taiwanese investors.

Following a call by President Lee Teng-hui for restraint, Taiwan's economics ministry is now examining its policy toward China investments and revisions are to be finalised soon.

Mr Huang Chin-tang, vice-executive secretary of the economics ministry's investment commission, which screens China investment projects, insists there will be no tightening in policy, only "reasonable adjustments".

According to Taiwan law, all projects above US$2m must be screened for approval and those below US$2m must be registered.

Taiwanese investment in China


Source: Official Chinese statistics *Total includes others

But in practice many of the estimated 30,000 Taiwanese ventures worth more than US$30bn in China today have skirted the rules. An unquantifiable number of Taiwanese investments are channelled through Hong Kong and flagship projects are often run out of companies registered in the British colony but using Taiwanese money.

Small and medium-sized companies in labour-intensive industries will remain unaffected by the policy revisions, but big companies seeking to carry out high-profile investments in China may face increased government resistance.

Investment in strategic sectors such as infrastructure, finance and high technology are banned. "If this kind of capital flows into mainland China it will hurt Taiwan's economic development," says Mr Huang, suggesting such restrictions will remain in place. "They [China] just want to get money from Taiwan but we get nothing in return," he adds.

The mainland welcomes the volume of Taiwanese investments and also appreciates the style and location of Taiwanese projects.

Unlike investors from the US, Japan or Europe, who flock to relatively developed urban centres, Taiwanese businesses are more willing to commit to provincial projects, helping Beijing meet its policy of spreading China's growing affluence away from richer coastal cities and into the provinces.

After Hong Kong's handover on July 1, businessmen in China expect Taipei to face even greater demands to relax the rules on investing in the mainland.

As one Taiwan-trained businessman in China puts it: "The pressure after July will step up dramatically. Hong Kong businessmen will be in a superior position to do business on the mainland and Taiwanese businessmen will fear they are missing out on the good contracts."

# Seoul hard line on aid for North

By John Burton in Seoul

South Korea yesterday affirmed that it would not offer government food aid to starving North Korea until Pyongyang accepted peace talks, in spite of a scheduled weekend meeting between the two nations' Red Cross representatives on humanitarian relief.

The Saturday meeting in Beijing, the first between the two Koreas' Red Cross organisations since August 1992, will discuss arrangements for delivering food to the North, although not the amount of food aid or its content.

It comes as the World Food Programme, a United Nations agency, said the "countdown to famine" in North Korea had begun because its food stocks would be exhausted by June.

Rebutting allegations it was engaging in politics of famine relief by attaching preconditions to official food supplies, Seoul said that North Korea was largely to blame for its present plight.

It urged Pyongyang to take "self-help measures" to relieve the food shortage, including reducing spending on defence and propaganda programmes, releasing rice from military stockpiles, and introducing agricultural reforms. The Seoul government estimated that if North Korea cut military spending by 5 per cent, or $300m, it could buy 1.9m tonnes of rice – enough to cover the present shortage.

Pyongyang is unlikely to reduce military spending, with North Korean officials recently telling US visitors they feared South Korea would take advantage of the hunger to launch an attack.

Instead, North Korea is demanding more food aid, the establishment of diplomatic ties with Washington, and easing of the US trade embargo as a security guarantee before accepting peace talks to bring a formal end to the 1950-53 Korean war.

Staff at government loans company claim information about problems was suppressed

# EDS deal is at centre of 'cover-up' row

By David Wighton, Political correspondent

EDS, the US-owned computer services group, is at the centre of allegations that problems with one of its UK state contracts were covered up while it was negotiating a controversial £1bn ($1.6bn) deal with the Inland Revenue.

Staff at the government's Student Loans Company claim that they were told not to pass on details of the problems they had encountered with EDS to the Revenue in the run-up to the signing of the contract in 1994. According to documents obtained by Computer Weekly magazine, the government's education department also suppressed allegations about the Student Loans contract, some of which it subsequently admitted were true.

In 1995, the Student Loans Company's chief executive, Mr Ronald Harrison, was dismissed for "financial irregularities" which had formed part of the original allegations. Mr Harrison has consistently denied the accusations.

The claims of a cover-up will fuel concerns at Westminster about the apparent stranglehold EDS has over the outsourcing of government computer operations.

Anonymous allegations about EDS's performance on the Student Loans contract were first sent to the House of Commons public accounts committee in 1992. The letters were passed to the National Audit Office and the education department. But the audit office report on the Student Loans Company in 1993 makes no reference to problems with the EDS contract.

Four days before the public accounts committee was due to hold a public hearing on the audit office's report, Sir Geoffrey Holland, then permanent secretary (chief official) at the education department, asked the committee not to discuss the charges publicly.

In a letter to Mr Robert Sheldon, the committee chairman, Sir Geoffrey said the allegations were motivated by a "grudge" and had "no foundation in truth".

Sir Geoffrey said he would be happy to answer questions on other matters, but added: "I should however ask you to recognise the commercial sensitivity not just of any questions bearing on the company's dealings with its computer contractor, but more broadly on the standing and integrity of its board and senior managers."

The committee did not consider the charges and in 1993 published a report which gave a favourable impression of the Student loans company's experience of EDS.

But the education department said Sir Geoffrey was concerned only to protect commercial sensitivity. Officials insisted that the government was kept up to date with problems at Student Loans via the state computer agency. There is no suggestion that EDS tried to suppress reports of problems at Student Loans.

## The British election in Ireland

■ 18 of the 659 MPs in the next House of Commons will represent Northern Ireland districts

■ Northern Ireland parties do not contest seats in England, Wales and Scotland

■ The large British parties (Conservative, Labour, Liberal Democrat) do not usually contest Northern Ireland seats, although Conservatives are standing in a few of them

■ Rival pro-British "unionist" parties have agreed pacts in some seats in an attempt to prevent a nationalist victory; efforts to forge similar pacts among nationalists have failed

What the parties are saying:

Ulster Unionist party (fourth largest party in the House of Commons in the last Parliament with 9 MPs; leader, David Trimble):
"The party remains four-square behind the Union because the Union offers the best future for all our people ... International standards condemn the Irish Republic's constitutional claim on Ulster."

Democratic Unionist party (3 MPs in last Parliament; leader, the Rev Ian Paisley): "The British Government and the Official Unionists are prepared to give. The DUP will not surrender one inch to IRA/Sinn Féin or the rest of the pan-nationalist front."

Social Democratic and Labour party (4 MPs in last Parliament; leader, John Hume):
"Promote the cause of Irish unity freely negotiated and agreed to by the people of the North and the people of the South. ... to make an electoral pact with Sinn Féin without an IRA ceasefire would be the equivalent of asking our voters to support the killing of innocent human beings by the IRA."

Sinn Féin (political wing of Irish Republican Army; president, Gerry Adams):
"Our objective is to end British rule in Ireland. We seek national self-determination, the unity and independence of Ireland as a sovereign state ... The unionist leadership ... want to maintain a status quo which perpetuates supremacy, inequality and repression."

Progressive Unionist party (political wing of paramilitary Ulster Volunteer Force; party leader, Hugh Smyth):
"We are committed to the proposition that there will be no diminution of Northern Ireland's position as an integral part of the United Kingdom"

Ulster Democratic party (political wing of paramilitary Ulster Defence Association; party leader, Gary McMichael): "A culture of violent attack has left loyalists bitter and distrustful of the ability of republicans to pursue a purely non-violent strategy."

Still fighting at the age of 71, the Rev Ian Paisley (top left), co-founder and leader of the Democratic Unionist party, has a strong chance of returning to the House of Commons. Martin McGuinness (top right), Sinn Féin's chief negotiator, is trying to win his first seat. Seamus Mallon (bottom left), a former schoolmaster who is now deputy leader of the rival nationalist Social Democrat and Labour party, is likely to regain the seat he has held for 11 years. Another former teacher is Roy Beggs (bottom right), defending the coastal district of Antrim East for the pro-British Ulster Unionists

# Anti-IRA convicts break off jail talks

By John Murray Brown in Dublin

Talks broke down yesterday between Northern Ireland prison authorities and anti-republican "loyalist" paramilitary prisoners, raising fears of unrest in the Protestant community on election day.

The Northern Ireland Prison Service and senior figures in the Ulster Democratic party, the political wing of the banned Ulster Defence Association, are to meet again in an effort to end a dispute over a prison regime introduced after the discovery of an escape tunnel in adjoining republican cells in the Maze prison outside Belfast, the Northern Ireland capital.

Mr Billy Hutchinson, a senior figure in the Progressive Unionist party, urged supporters outside the prison to remain calm as fears grew that loyalist communities were planning wider protests in support of the prisoners' demands. Earlier yesterday, hundreds of people protested outside the prison in support of the inmates.

Northern Ireland politicians are worried that a backlash may be triggered by a strong result for Sinn Féin in the election. Mr Gerry Adams, the party's president, is tipped to win West Belfast, and two other Sinn Féin candidates have a chance of winning seats in the House of Commons.

Up to 150 loyalist prisoners are housed in the two "H block" cells, named after their shape. The 150 include inmates from the UDA and the Ulster Volunteer Force, a similar organisation. After talks with prison officials, Mr John White, prison spokesman for the UDP, said contacts would resume today.

The Northern Ireland prison service said: "We wish to see the situation brought to a peaceful end".

The UDA had warned there would be retaliation and "a price to pay" if riot police were sent in to break up the protest.

Security officials indicated they were happy to sit it out to allow the talks to find a solution.

# Nationalist parties fail to heal rift

Dr Joe Hendron, Social Democratic and Labour party MP for West Belfast, spent Monday morning at the factory gate of Montupet, the French car component manufacturer, trying to broker a deal to end a two-week unofficial strike. In stark contrast, his main challenger, Mr Gerry Adams, president of Sinn Féin, was briefing journalists about Irish Republican Army prisoners.

Dr Hendron has made much of his record at securing investment in a constituency blighted by unemployment but which has enjoyed improvements in public housing and amenities since the Protestant-dominated regional parliament at Stormont was prorogued in 1972.

The dispute at Montupet and troubles at Mackie, the engineering company which straddles the peace line between Roman Catholics and Protestants, have come at an awkward time.

**The SDLP's confrontation with Sinn Féin focuses on Gerry Adams**

But Dr Hendron is quick to ask what Mr Adams did for the electorate when he was MP in 1983 and 1987, and refused to take his seat in the House of Commons in line with Sinn Féin policy that the Westminster parliament has no jurisdiction in Ireland.

West Belfast is the cutting edge of an increasingly acrimonious contest between the SDLP and Sinn Féin, the political wing of the IRA. The rapprochement between Mr John Hume, the SDLP leader, and Mr Adams, a feature of the past few years, is strained.

Last week Mr Adams pulled out of a television debate with Mr Hume, apparently fearful of being publicly upbraided by one of Northern Ireland's best-known politicians over the IRA's return to violence

The danger of a good showing by Sinn Féin in today's British general election has mobilised the government of the Republic of Ireland, with Mr John Bruton, the prime minister, repeating Mr Hume's warning that a vote for Sinn Féin would be a vote for violence. The bigger concern is that without a new IRA ceasefire, nationalist support for Sinn Féin would invite extremism by anti-republican "loyalists".

At the start of the campaign, it seemed the IRA's political wing might win as many as three Commons seats, with Mr Martin McGuinness, Sinn Féin's chief negotiator, in with a good chance of taking Mid Ulster from the Rev William McCrea, and Mr Pat Doherty given a fair chance in West Tyrone.

Sinn Féin's predictions are more modest now, though even one seat would make it more difficult for the new British government to keep Sinn Féin out of multi-party talks on Northern Ireland's future.

Mr Adams's aides have been playing down suggestions that the party might improve on the 15 per cent share of the vote it secured at elections last May to the Northern Ireland Forum, which provided negotiators for the talks.

On that occasion, Sinn Féin outpolled the SDLP by 2 to 1 in West Belfast. Sinn Féin should take the seat today, helped by boundary changes which have brought in the hardline republican housing estates of Twinbrook and Poleglass.

But Dr Hendron estimates 3,000 SDLP voters lent their support to Sinn Féin in the forum elections in the hope of encouraging another IRA ceasefire. He is confident they will return to the SDLP. In addition, some 19,000 people did not vote – including an estimated 14,000 nationalists. Dr Hendron is targeting these non-voters with the help of sophisticated canvassing techniques borrowed from the British Labour party.

John Murray Brown

# German-born candidate shrugs off 'kraut' jibe

Lawyer raised on Bavarian farm has strong chance of becoming Labour MP in Birmingham

The first key marginal constituency to declare its result today will be Birmingham Edgbaston, a seat that Labour will have to win if it is to form the next government.

The latest local poll gives the Labour candidate a six-point lead. The contest in Edgbaston is unusual because it has focused on the personal background of Mrs Gisela Stuart, the 41-year-old Labour candidate.

Mrs Stuart is a lawyer, but grew up as a farmer's daughter in Bavaria. She moved to Britain after school, married and took British citizenship. She is now the front-runner in a seat held by the Conservatives since 1966.

The Conservatives have turned Mrs Stuart's German origins into an election issue. At least one local Conservative has been canvassing with the slogan "keep Edgbaston British", and has called on voters "not to vote for the Kraut".

Mrs Stuart takes this in good humour, at least outwardly. "Whatever some people may say, the British are inherently fair," she says.

On a private schedule, Mrs Stuart refers to her canvassing tours as "blitzing". This is an American term, she says, not a German one, at least not in the context of political campaigning. But she cannot hide a smile when she says it.

Mr Andrew Marshall, the Conservative candidate, says Mrs Stuart's nationality is not an issue. "But integrity is an issue. She has changed around her name. She is registered in three different places, each time with a different name combination. People are confused."

Three years ago, Mrs Stuart fought and narrowly lost as a Labour candidate in elections for the European parliament. She stood in those elections under her maiden name, Gschaider, a Bavarian name and difficult to pronounce even for Germans.

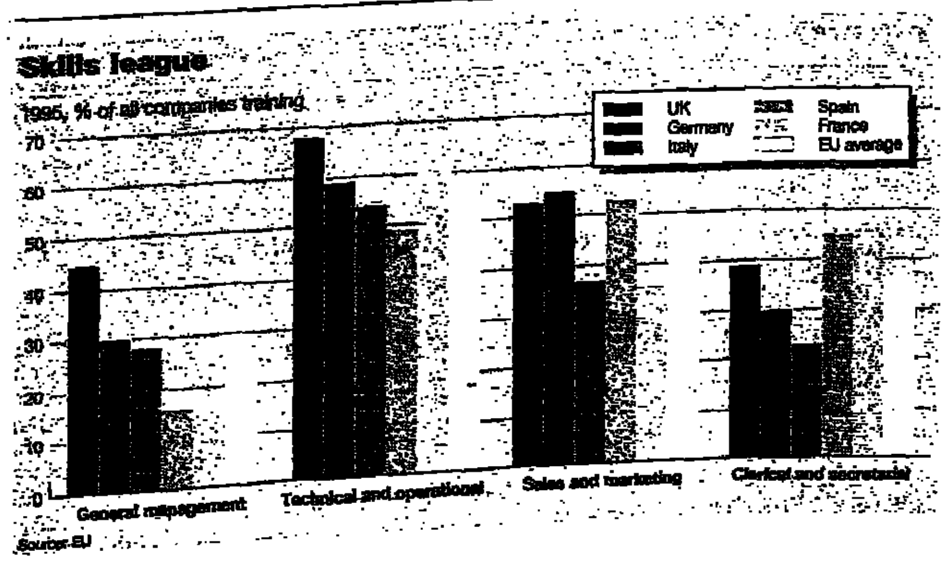
"It is strange for a party that purports to support family values to attack me over my choice of my husband's name," she says.

Mrs Stuart, née Gschaider, is very much part of the generational change that has catapulted Labour to the heart of Britain's middle classes. An immaculately turned-out law lecturer, she unfailingly adheres to the party line of not making too many specific promises. In appearance and in her policies she epitomises New Labour.

At the last local elections, the Conservatives performed against the trend and won 47 per cent of the vote in the Edgbaston constituency, compared with 43 per cent for Labour. But Labour has a large majority on Birmingham City Council and holds most of the area's seats in parliament.

Wolfgang Münchau and Richard Wolffe

More election news can be found at the Financial Times website http://www.FT.com where each district's result will be shown as it is declared. Polling stations will close at 22h00 London time and the first results should be known less than two hours later. Declarations will soon follow in the first seats which are likely to change hands, and the national result should be clear by 02h00 London time on Friday. Results in Northern Ireland will not be declared until much later on Friday.




# Companies rise in EU training league

By Simon Targett, Education Correspondent

Small British companies, once "the training laggards of Europe", are outstripping their main European rivals in improving top managers' skills, says a report soon to be issued by the UK Training and Enterprise Councils' national council.

The council found in a survey of 5,000 small and medium-sized businesses across Europe that 76 per cent of those in the UK engaged in workforce training. This puts the UK second to France (82 per cent) and well ahead of the European Union average (64 per cent).

In specialist, high-level training, UK companies are top of the European league. Nearly half (45 per cent) of companies offer general management training. Germany, the UK's nearest rival, reported 30 per cent of companies carrying out management training, even though it is traditionally regarded as the leader in this field.

UK companies lead their European competitors in technical and operational training, with 68 per cent investing in this form of management development compared with an EU average of 59 per cent.

The findings are based on data collected for Grant Thornton's annual review of European business. The council says the findings – described in the report as "unexpected" – point to recognition by UK small companies that a shortage of high-level skills is "a constraint to growth".

This is underlined by figures showing that a higher proportion of UK companies use information technology to deliver training – some 22 per cent compared with the EU average of 17 per cent – and that 19 per cent of the companies' employees receive formal "paid for" training, compared with 15 per cent in France, Germany and Spain.

The council said that "UK companies can no longer be regarded as the training failures of Europe", adding that "they are quickly and enthusiastically developing a training culture". But there was still a "worrying degree of complacency" among a minority of companies which have not embraced the training revolution.

UK NEWS DIGEST

# Brokers warned over web sites

Securities dealers have been warned by regulators that their Internet sites must comply with UK rules about advertising investment products, even if the sites are located in other countries. The Securities and Futures Authority, the main regulator in London for investment banks and brokers, told the firms it oversees that it recognised the potential of the Internet to offer cheaper dealing services and had "no wish to stifle these innovative developments".

All the SFA's normal rules apply to Internet sites, just as they do to more traditional channels. Investments advertised on the Internet would be considered to have been advertised in the UK, even if the site was in another country, unless the firm could demonstrate that it was able to restrict access to the site. *George Graham*

■ COMMERCIAL VEHICLES

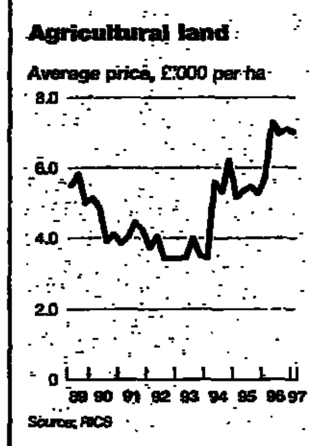
## GM arm launches Renault venture

Vauxhall, the UK offshoot of General Motors, is this week launching the first stage of a partnership with Renault through which Vauxhall intends to regain the big stake in the UK van market it lost after selling its Bedford commercial vehicles business in the 1980s. Vauxhall-badged versions of Renault's French-produced Trafic panel van range, the group's rival to Ford's market-leading Transit, are now being delivered for sale through Vauxhall's 480-strong UK dealer network. Opel, GM's German subsidiary, will sell the same vehicle under the Opel Arena badge in mainland Europe.

The Arena is the precursor to the launch of an new range of panel vans, developed jointly by GM and Renault, with which Vauxhall plans to increase its UK light commercial vehicle sales by 55 per cent to 60 per cent. That would present Ford with one of the biggest challenges to its dominant role in the UK panel van sector for more than a decade. *John Griffiths*

■ FARMLAND

## Demand keeps prices high




The beef crisis, fluctuating cereal prices and the uncertainty of the general election have failed to dent the price of farmland. The quarterly report of the Royal Institution of Chartered Surveyors, published today, says farms have been selling at an average £7,014 ($11,362) a hectare – on a par with prices in the last half of 1996 – as demand exceeds supply. Mr Paul Pridmore, rural market spokesman, said the continuing stability of the market was superficially surprising, given that farmers expected lower profits and higher interest rates this year. But the underlying forces behind the market's strength were still in place and prices remained high in April, he said. "The best guess I can make is that land prices will remain steady," he added. This view was backed by Mr Jim Ward, head of agricultural research at Savills, the land agent, who said the market would stay strong "as long as there is accumulated wealth chasing short supply". *Alison Maitland*

■ AIRLINES

## BA postpones engineering plans

British Airways said yesterday it was postponing for at least three years plans to turn its engineering department into a stand-alone unit that would offer services to other airlines as well as BA. The company said market conditions in the aircraft servicing industry "had not moved far enough" to make the plan realistic. BA said last year it was considering divesting its 9,300-strong engineering department – or bringing in outside shareholders – as part of an effort to increase efficiency.

The airline also announced it was investing £20m ($32.4m) in a new workshop in one part of the department – pneumatics and hydraulics operations – which will be sited close to London's Heathrow airport. It is to invite offers from outside groups to buy the sections of the department which overhaul wheels, brakes and landing gear. *Peter Marsh*

■ TELECOMMUNICATIONS

## Cordless phone sales 'to hit 2.2m'

Annual sales of cordless telephones designed around the Dect (Digital European Cordless Telephone) standard will rise in the UK from 200,000 in 1995-96 to 2.2m – or 20 per cent of the UK handset market – in 1999-2000, says a study by the management consultants Roland Berger & Partner. Mr Nicolas Rettner, co-author of the study, believes that Dect phones – which combine a fixed base station with one or more mobile handsets – will replace traditional corded phones within 10 years.

A Dect phone can be used at least 300m from its base station and its transmission is coded, which guarantees security. There are three Dect phones available in the UK, two from Philips and one from Siemens sold under the British Telecommunications brand. *Alan Cane*

■ POWER EQUIPMENT

## Kvaerner seeks Scottish jobs cut

Kvaerner Energy, part of the Norwegian group, is to seek 137 job cuts at its thermal power division near Glasgow in Scotland. It blamed a lack of orders in a very competitive market and on the continuing restructuring of the company. Staff levels will fall to about 700. The latest job losses come after 140 employees at Clydebank were made redundant last year. Mr Chris Packard, vice-president of Kvaerner Energy, said there was 30 per cent overcapacity in the gas turbine market which made it hard to get orders on which the company could make a reasonable return. He denied union claims that staffing was being reduced so much that the plant would be unable to handle big orders in future. Kvaerner had warned in early 1996 that the energy division had to make annual cost reductions of £32m ($52m). *James Burton*


There is concern but no consensus on using portable electronic devices on aircraft, says **George Cole**

# Safety fears up in the air

Should air passengers be banned from using portable electronic devices during a flight? Could someone using a notebook computer cause an aeroplane to crash?

Questions like these are concentrating the minds of all sections of the air industry – from airlines to aircraft manufacturers, and from safety committees to regulatory authorities.

Modern aircraft increasingly rely on electronic equipment for their navigation and communication systems, and a growing number of aeroplanes are operated by "fly-by-wire" technology, which uses electronics systems to control flight operations. Many electronic devices, including portable computers, personal stereos and hand-held computer games consoles, can produce spurious electromagnetic emissions. Some fear that in certain circumstances, these could affect an aircraft's electronics systems and thus compromise air safety.

As yet, there is little clear-cut evidence to support this theory, but with safety a paramount concern of the air industry, some are urging greater caution.

Much of the evidence on the potential of electronic devices to cause interference is anecdotal. There have been a number of reported incidents where a pilot has noticed a sudden change in the aircraft's instrumentation – such as a needle flicking or a compass swinging wildly. When the pilot has asked passengers to stop using their devices the instruments have returned to normal. But were they the cause or was it just coincidence?

"There is a suggestion that some equipment might have caused interference, but no one has been able to replicate it. So there's a suspicion about portable electronic equipment, but no hard proof," says Richard Wright of the UK Civil Aviation Authority.

Aircraft manufacturers have also carried out exhaustive tests, but the results have been inconclusive at best. Airbus Industrie, the European aircraft manufacturer, believes the case not proven.

Bruce Donham, electromagnetic effects engineer at Boeing, the world's largest commercial aircraft manufacturer, says: "We have spent over 40 years trying to duplicate many of the reported effects, but despite using the same devices under the same aircraft conditions, we have not been able to demonstrate them."

Donham adds that during the manufacturing test stage, all aircraft electronics are subjected to electromagnetic emissions that are much higher than anything that could be produced by a portable device.

However, air regulatory authorities such as the CAA and the US Federal Aviation Authority have issued guidelines to airline operators, which state that such devices should not be used during critical stages of a flight, such as take-off and landing. However, airline operators can decide which are allowed during other parts of the flight.

Cellular phones are banned on all flights, but this is because they disrupt the cellular network, not for safety reasons.

Many airlines offer in-flight telephones, but these use satellites or frequencies specially allocated for air-to-ground transmissions. Likewise, in-flight entertainment systems, such as personal video consoles, are specially shielded. Electronic medical devices, such as heart pacemakers and hearing aids, produce little or no emissions, and are not suspected of causing interference.

Airline operators are well aware of the popularity of personal devices. Many business passengers for example, like to do work on their portable computers during a flight, and some airlines are introducing power points for laptops in their premium-class cabins. Little wonder that some

**Some feel it would be a brave airline that banished portable computers from the cabin**

feel that it would be a brave airline operator that banished portable computers from its flight cabins.

But some critics argue that considerations like this have caused airlines to interpret the guidelines in an inconsistent manner. In 1992, RTCA, a private US aviation technology company formerly known as the Radio Technical Commission for Aeronautics, formed a special committee to investigate the potential interference of electronic devices aboard aircraft.

The committee admits that it did not carry out exhaustive tests, but based its recommendations on evidence collected over several years. It found 137 cases of suspected interference. In about 46 cases, the interference disappeared when the devices were turned off, and in 10 cases, the interference returned when the device was switched back on. "It's a very rare occurrence, but the risk is there," says committee chairman John Sheehan.

Among the recommendations are that all devices designed to transmit radio frequencies, such as remote-controlled toys and two-way pagers, should be prohibited at all times, unless they have passed safety checks. The committee also wants the US government and air industry to consider fitting electromagnetic emission detectors inside aircraft cabins.

Finbarr O'Connor, one of the committee's members, wanted even stronger action: "If it were up to me, I would shut PEDs down, period. I would feel better if they were not allowed in the passenger compartment at all. The potential for them to be turned on accidentally is high," he says.

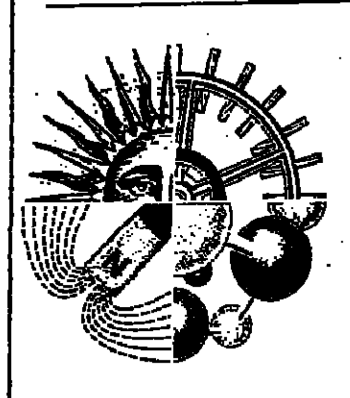
But some believe that much of the concern is exaggerated: "The pilots and flight attendants don't want to die, so if there was a real risk, the devices would be banned," says David Learmount, operation and safety editor of Flight International magazine. "And all aircraft have back-up systems. Asking people not to use portable electronic equipment during take-off is like the old superstition of touching wood to ward off evil spirits," he adds.

Sheehan says the committee would like to see a public education programme on the potential hazards of electronic devices. "You're going to see new kinds of PEDs being taken on board aircraft, such as personal communication devices. Some of these are 'subtle transmitters,' which transmit even when they are switched off. People need to understand the importance of not using PEDs during critical flight stages."

Sheehan is also critical of FAA guidelines, which he says are too flexible: "The air safety instructions you get before take-off are standardised. So why can't the same be done for PEDs? Different airlines have different rules." Air France and Japan Airlines, for example, allow portable CD players to be used on their aircraft, but Lufthansa, the German national carrier, has banned them: "We have had cases of CD players causing interference and so we prohibit them," it says. Lufthansa also bans portable computers that use a printer, cordless mouse or CD-Rom drive, because they transmit data to the PC, but other airlines allow them.

JAL recently added digital cameras, which record images on a chip, to its list of prohibited devices. The company is also running a three-month campaign which gives passengers the chance to win Tamagotchi, a virtual-reality electronic pet that is Japan's best-selling novelty toy. JAL says the pet is safe to use on board, although owners are asked not to play with it during take-off and landing.

## Worth Watching • Vanessa Houlder



### Cancer attacked by suffocation

A new technique for delivering therapeutic genes to tumours is published today in the journal Nature Medicine. It makes use of the fact that levels of oxygen are lower in solid tumours than elsewhere in the body, Clive Cookson writes.

Scientists at Oxford University's Institute of Molecular Medicine collaborated with Oxford BioMedica, a local biotechnology company, to test the technique. Their experiments showed that a "gene switch" called Hypoxic Response Element could activate the production of anti-cancer proteins when oxygen levels are low.

Oxford BioMedica hopes that this technique will provide a new way of attacking tumours resistant to drugs and radiotherapy. It is looking to start a clinical trial with breast cancer patients next year.

*Oxford BioMedica: UK. tel (0)1865 783000; http://oxfordbiomedica.co.uk.*

### Robots to provide help in a tight spot

A robot that can help manoeuvre items in tight spaces is being developed to help with tasks ranging from surgery to manufacturing.

The collaborative robot or "cobot" runs on wheels but does not have any motive power of its own. It is programmed to stop when it reaches a "virtual surface" or invisible wall, after which it runs parallel to the wall.

Researchers at Northwestern University are working with General Motors on a cobot that would help assembly-line workers install instrument panels, which barely fit through the door opening. The virtual surfaces would extend out of the door like an invisible funnel, allowing the worker to push the instrument panel against a virtual surface and slide it into the cab.

The researchers are also developing an arm-like version of a cobot for computer-assisted surgery.

*Northwestern University: US, tel 8474913115; http://www.nwu.edu/*

### Airy approach to the dentist's drill

Fear of the dentist's drill makes visiting the dentist an ordeal for many people. But "air abrasion", which involves firing a stream of very fine powder of aluminium oxide at the tooth, is emerging as an alternative to the drill for certain treatments.

American Dental Technologies says that it has refined the technology to minimise its mess, which has held back the approach.

The "kinetic cavity preparation" system, which is driven by compressed air, cannot completely replace conventional drills because it cannot cut through fillings. The unit costs between £7,000 and £10,000.

*American Dental Technologies: UK, tel (0)1625 820548; fax (0)1625 820549.*

### Hungry plants eat radioactive waste

The ability of micro-organisms to devour toxic chemicals is often used to clean up polluted sites. Now scientists are using plants to remove toxic metals and radioactive waste from contaminated soil and water.

Scientists at Purdue University in the US and colleagues in Australia have identified genes in a plant from the mustard family for proteins that can detoxify toxic metals.

The scientists believe the genes could be manipulated to produce plants able to mine large quantities of toxic metals from soil. In addition, it might be possible to encourage fruits and vegetables to reject heavy metals. That might make it possible to grow food on contaminated soil.

*Purdue University: US. tel 7654942096; e-mail, purduenews@uns.purdue.edu*

ARTS

Human beings as well as hoodlums: Johnny Depp and Al Pacino in Mike Newell's 'Donnie Brasco'

## Cinema/Nigel Andrews

# Mixing with the Mob

Jean-Luc Godard defined cinema as "Truth 24 frames per second" – which may explain why it is the greatest medium for stories about lying. Thanks to the camera's X-ray gaze we know, or sense, the truth about characters even when they are fibbing their heads off and fooling all their fellow characters.

This week a comedy about a man who cannot lie is outshone by a tragedy about a man who cannot tell the truth. The title role in *Donnie Brasco* does not exist. It is the name adopted by truth-based FBI undercover agent Joe Pistone (Johnny Depp), who spends – who spent – months walking, talking and breathing with the Mob before shedding his disguise and sending a hundred of them to jail.

This is the best Mafia movie in years, mainly because it is not a "Mafia movie". Directing an irony-rich script by Paul Attanasio, Britain's Mike Newell moves in close. He brushes past the pantomime tropes of most run-of-the-kill Cosa Nostra cinema – no balletic street gunnings, no restaurant murders in mid-spaghetti-mouthful, no wheezing, wheedling sub-Brando godfathers – to focus on a doomed friendship. The hero knows that his pal and Mafia mentor Lefty Ruggiero (Al Pacino) will be the first to fall, by his fellow mobsters' hands, when "Donnie"'s true identity is revealed.

Pacino makes Lefty the charismatic and tragic scoundrel that the actor's ageing Michael Corleone should have been, and never was, in *Godfather III*. Lefty is a lieutenant not a general in the Mob, but he has a bark, a swagger and reservoirs of ancestral wisdom. He is touching and funny: a buffoon with catch-phrases – "Nobody can touch you now" he keeps telling the adopted Depp – and a man who dresses like a cross between Bud Flanagan and Gene French *Connection* Hackman. (The pork-pie hat is a genius touch.)

We never know Joe Pistone/Donnie Brasco as well, which may be Newell's intention. The good guy who lies is more opaque than the bad guy who blurts out his mind and heart. But the hero's shadowiness is also down to Depp's limitations as an actor. He is all signalled, minor-key torment, here a scrunched eyebrow, there a clenched cheekbone. Depp's Pistone seems no more real in his scenes with children and wife (Anne Heche) – scenes of the usual "What-kind-of-a-father-are-you-we-never-see-you" kind – than when forced to camouflage his shock when witnessing a gangland slaying.

Yet *Donnie Brasco*'s triumph is that it hardly needs Depp. He is there mainly as a first-person alter ego – an eye and an "I" – for the audience. The film is fathom-rich alone in its moody, funny, queasy portrait of a crime culture run by who men who are human beings as well as hoodlums. They have their peer games and slang: note the brilliant scene in which the phrase "Forget about it" is discussed in its dozen contrary meanings. They watch TV, raid the fridge, joke, bicker and blunder like the rest of us in and out of big decisions.

Talk about the banality of evil. Except that *Donnie Brasco* doesn't talk about it, it shows it. The cinematography by Peter Sevo, who shot *Diner* and *Tin Men*, brings the loose-framed, street-grungy world of Barry Levinson to the crime opera. And Newell lets every Mafioso character breathe and grow. He does so even when we might prefer that they didn't – as with Michael Madsen's chillingly delinquent usurper-capo – and even when the "price" is to view them with a pity we feel almost guilty in bestowing. Yet there may be no more moving scene in modern crime cinema than Pacino's mute farewell to his jewels and valuables: one that means, we know, a farewell to his wife, his life and his frail dreams of a better future.

★

Jim Carrey is one of that special breed of comedians – see Jerry Lewis and ilk – who behave as if they have escaped from the trauma wing of a hospital. An india rubber face, elastic limbs and a voice that rips through octaves and decibels like a jet plane on take-off.

In *Liar Liar*, playing a workaholic lawyer, he resembles Lewis even more than usual. His character specialises in stress management – his own stress. He is careering careerist who must meet vital people, kiss vital derrières and win a vital court case involving an unfaithful wife's property suit against her husband. So when his little son's birthday wish is that dad for once spends 24 hours telling the truth, instead of making up lies to excuse his parental neglect, the spell is cast. He must do exactly that.

DONNIE BRASCO
**Mike Newell**

LIAR LIAR
**Tom Shadyac**

SCREAM
**Wes Craven**

MARGARET'S MUSEUM
**Mort Ransen**

This plot has been run around the stadium before, notably by Bob Hope in *Nothing But The Truth*. Here it is run to exhaustion point in an hour, with 30 minutes still to go. Carrey skews his face in virtuosic horror when he insults a boardroomful of colleagues, or makes uncensored overtures to blondes in lifts, or argues against his own case in court. "I object, your honour!" he cries, to remarks just out of his own lips. His honour looks amused and indulgent, but tired, like the rest of us.

Unlike *The Cable Guy*, which mixed dark lower notes into Carrey's slapstick medleys, *Liar Liar* is all fizzing high Cs. There are glass-shattering moments of physical virtuosity – literally so when he smashes up a courtroom bathroom in the process of beating himself to secure a case adjournment – but how long can one listen to nothing but top notes? Not for the first time, a comedy's funniest sequence comes during the end credits, when the fluffs and out-takes are paraded, allowing Carrey to show he is a human being as well as an overworked one-man humerus.

*Scream*, which like *Liar Liar* has been a box-office smash in America, begins with the most frightening scene in recent cinema. Drew Barrymore; a lonely house; and a constantly ringing telephone with an unknown man's voice at the other end. Of course telephones are mobile these days, so we soon realise the unknown man is in the garden, preparing to wield something long and sharp.

After this bloodily capped *walpurgisnacht* director Wes Craven and writer Kevin Williamson cannot think of much else to do. More isolated girls are herded, one by one, into more isolated houses while the same Grim Reaper, surely qualifying for overtime bonuses, makes his sinister phone calls and assaults.

Just as all high-school girls apparently spend hours each evening in sequestered, parentless suburban homes, so their boyfriends can be expected to scoff at their tales of panic while the police gallop, at about two miles per hour, after a fiend so repetitive in his behaviour pattern that he could surely be caught simply by cordoning off the town's stockbroker belt. No reason is given for his bizarre conduct, which includes a joky fondness for movie trivia ("Name the killer in Friday the 13th"). "It's the millennium," someone says, "motives are incidental."

*Margaret's Museum* is a minor tale of Nova Scotia miners. Helena Bonham Carter, crazed by a pit disaster which removes her loved ones, ends by removing bits of them. This dim multiple hybrid of romance, soap opera and social polemic ends with a gallows flourish as arbitrary as most of what has gone before.

## Theatre/Alastair Macaulay

# Lorca in a thick coat of style

Even though its actors and directors do not comprise a company as such, the Almeida theatre has a real house style. Indeed, "style" – impling emphatic stylishness and the deliberate decision not to let art conceal art – is, at the Almeida, the operative word. Scenery and costumes are usually striking, verse-speaking is highly cultivated, the actors give value for money and make sure you know they are acting, and nothing is in poor taste.

This has reaped many dividends, enriching London theatre with numerous distinguished productions ranging from Euripides to Pinter. Only last year, two of them – Patrick Marber's staging of Craig Raine's *1953* and the Gate Theatre Dublin's production of Beckett's *Happy Days* – were so good that I came back a second time; and, when Irene Worth visited for a mere week, I caught all three of her different programmes.

The negative to this is that several Almeida productions become exercises in style, style that festoons rather than focuses the meanings of the play. In these lesser stagings, the scenery seems to have stepped out of a colour supplement, the actors give great performances and speak in italics, and good taste clings to everything.

The new production of *Federico Garcia Lorca's Doña Rosita, The Spinster* is a lesser example of this lesser kind. Lorca's play – prettily translated here by Peter Ostwald – is a lyrical exposé of the pathos of a woman trapped for years as a bride-to-be by an absentee fiancé who finally marries elsewhere. Paul Pyant has provided Mediterranean light, Anthony Ward has designed a memorably flower-bedecked Spanish garden, and Gary Yershon's music heavily evokes both the mid-war era and the Iberian peninsula. The director, Phyllida Lloyd, has choreographed several too many Eloquent Moments into the action, the silliest of which features nine women doing synchronised sewing (against the music). Like the two prolonged moments in which Rosita's cousin and fiancé (a) lets their aunt react to the news of his departure and (b) meets Rosita in farewell, the wordless acting is like that in a stale ballet.

In the title role, Phoebe Nicholls does her line in congealed home counties girlishness, smiling through grief bravely. Unfortunately, her verse-speaking is not of Almeida standards. She churns out its metres like Longfellow's Hiawatha chained to the galleys; and her tight little voice wrestles tensely with such visionary outpourings as "like a dawn that sleeps behind white windows". Eleanor Bron, as her aunt, compensates with a great deal of noble and melodious suffering. I am not sure that I can tell the difference between Clive Swift's accounts of the uncle (acts one and two) and of Don Martin (act three); or tell either of them apart from his performance as Richard Buckett in *Keeping up Appearances*.

The best performances here come from actors cast against type. Celia Imrie – for once breaking out of the classy-caricature mould she has done to perfection but too often – shows real three-dimensional warmth as a loyal and irrepressible Scots-accented servant. That bizarre actress Kathryn Hunter does an amusing, unsubtle caricature of a widowed mother in whom poverty and respectability fight to gain the upper hand. There are several passages when Lorca's lyricism ("sighing for the diamonds of the morning") is released in songs or chants. But it is all unaffecting, and no *duende* emerges for a moment. In spite its thick coat of style, the production never lets us forget that we are in a theatre, and in Islington.

**Alastair Macaulay**

**Almeida Theatre, N1.**

Alastair Muir

Too many Eloquent Moments: Justin Salinger and Phoebe Nicholls in 'Dona Rosita, The Spinster'

## Theatre/Ian Shuttleworth

# Torture in cyberspace

Huge Dayglo maggots flash on and off under the eaves of the West Yorkshire playhouse whilst a young, hip audience throngs around a temporary cyber-café set up in the bar to show off the *Wasp Factory* Website. The site, (http://www.wyp.co.uk), featuring a batch of programme biographies only partially enlivened by a few neat if pointless chunks of computer animation, show similar characteristics to Malcolm Sutherland's latest production of his own stage adaptation of Iain Banks's first novel: it deploys flash technology and visual frippery primarily because it can.

The show's other main selling point is, of course, Banks's name and cachet, which in turn leads to a dual prospective in reviewing. Sutherland's production works nicely as a piece of contemporary theatre, give or take the odd excess, but is inevitably on shakier ground when compared to the original novel. It is, of course, unstagable in anything approaching a "pure" reproduction: young Frank's exploits, blowing up rabbits and despatching an infant cousin into the stratosphere lashed to a giant kite, can hardly be realistically represented – the rabbit, for instance, is played by one of the company acrobats and later replaced (for the explosion) by a huge cuddly toy. Where horror and sick humour co-exist in Banks's prose, Sutherland oscillates between them.

Having felt compelled – sometimes rightly, on other occasions mistakenly – to render more explicitly Frank's path towards his family's central secret, Sutherland attempts to relocate the allusiveness of the book in images on a series of video monitors which frame the stage. This is most successful during Frank's description of the Wasp Factory itself, his homemade torture machine; at other moments its screening of the same quick-cut montages simply offer an alternative vision to the static spotlit Frank on the stage. The family anecdotes and telephone conversations of the book mean that much of its content is told rather than shown in the adaptation; whilst the flashbacks to Frank's homicidal youth can be played out, during other sequences the spectators eye must simply be seduced by other goings on. Robert Innes Hopkins' design, with its traps, flown-in furniture and those video screens, helps fill the bill in style.

Frank is played by four actors: One for youth, one for the final moments and two (Martin Freeman and Tom Smith) in tandem for the bulk of the action; despite their assured teamwork it seems at times, with their twin Scottish burrs and national health glasses, that the protagonist of the play is in fact The Proclaimers. As Father, with his erratic limp at moments of dramatic convenience, David Gant adds an air of Mervyn Peake to the proceedings.

For all its weaknesses and pitfalls, though, *The Wasp Factory* plainly succeeds in drawing new young blood into the Playhouse's audience, and can only be applauded for doing so.

**At West Yorkshire Playhouse, Leeds, until May 17 (0113 2442111).**

INTERNATIONAL ARTS GUIDE

### ■ AMSTERDAM

**EXHIBITION**
**Van Gogh Museum** Tel: 31-20-5705200
● *Vienna 1900*: Portrait and interior: exhibition featuring paintings and applied art from Vienna, spanning the years 1870-1918. Highlights include works by members of the Wiener Secession and Expressionist portraits by Egon Schiele and Oskar Kokoschka. The display also examines the work of the design institute Wiener Werkstätte; to Jun 15

### ■ BARCELONA

**EXHIBITION**
**Fundació Joan Miró** Tel: 34-3-3291908
● Paco Cao: Alma Matter: installation by the artist who made a name for himself in the early years of this decade when he offered himself for rent to the public. This exhibition continues the theme of intimacy and vulnerability by examining aspects of motherhood with direct references to Cao's own mother; to May 4

### ■ BERLIN

**EXHIBITION**
**Alte Nationalgalerie** Tel: 49-30-209050
● *Adolph Menzel (1815-1905)*: Das Labyrinth du Wirklichkeit: retrospective exhibition featuring paintings, drawings, pastels and watercolours by Menzel, one of the leading German artists in the second half of the 19th century; to May 11

### ■ COPENHAGEN

**EXHIBITION**
**Det Danske Kunstindustrimuseet – The Danish Museum of Decorative Art** Tel: 45-33149452
● Celebrating American Craft – American decorative art 1975-1995: the first major exhibition of American craft held in Denmark, featuring ceramics, fibre-glass, metal, textiles and wood. The display has been loaned from the American Craft Museum and includes works by 100 artists; to May 4

### ■ FRANKFURT

**EXHIBITION**
**Museum für Moderne Kunst** Tel: 49-69-21230447
● Views from Abroad: European Perspectives on American Art II: the second part of the Gallery's exchange of exhibitions with the Whitney in New York. Artists featured include Andre, Baldessari, de Kooning and Hopper; to May 4

### ■ LONDON

**EXHIBITION**
**National Gallery** Tel: 44-171-7472885
● London's Monets: exhibition gathering together Monets in London's public and private collections and featuring 25 works by the artist; spanning his entire career, from "La Pointe de la Hève, Sainte-Adresse" (1864), to the series of large "Water Lilies" painted after 1916; ends on Monday
**Serpentine Gallery** Tel: 44-171-4026075
● Richard Deacon: former Turner Prize winner Deacon's sculpture is the third in a series of works commissioned for the Serpentine's lawn while the Gallery is closed for renovation; to May 4

### ■ LOS ANGELES

**EXHIBITION**
**Huntington Library, Art Collection and Botanical Gardens** Tel: 1-818-405-2100
● Picturing America: Benson J. Lossing's Illustrated Histories: display of historical drawings by the American artist and historian who wrote and illustrated pictorial field books of the US Revolution, the Civil War and War of 1812; to May 11

### ■ MADRID

**EXHIBITION**
**Museo Nacional del Prado** Tel: 34-1-3302800
● *Catalan Medieval Painting*: display of 15 sculptures and 34 paintings selected from a number of collections, including those of the Museu Nacional d'Art de Catalunya in Barcelona and the Musée du Louvre, Paris; to Jun 8

### ■ MUNICH

**EXHIBITION**
**Neue Pinakothek** Tel: 49-89-23805-195
● Claude-Joseph Vernet 1714-1789: exhibition of work by the French painter who worked for King Louis XV as a sea and landscape painter; to Jul 6

### ■ NEW YORK

**CONCERT**
**Alice Tully Hall** Tel: 1-212-875-5050
● The Chamber Music Society of Lincoln Center: with conductor David Shifrin, pianists Ida Kavafian and David Golub and viola players Pinchas Zuckerman, Paul Neubauer and Cynthia Phelps in works by Brahms; May 2
**Avery Fisher Hall** Tel: 1-212-875-5030
● Los Angeles Philharmonic: with conductor Esa-Pekka Salonen and pianist Yefim Bronfman in works by Bartsk and Bruckner; May 2

### ■ PARIS

**EXHIBITION**
**Fondation Cartier pour l'Art Contemporain** Tel: 33-1-42185650
● Alain Sichas: display of works by the French artist whose paintings, sculptures and videos are all founded on a love of very simple line-drawing. Sichas produces cartoon images such as cats or skeletons but places them in highly realistic settings to give them a very human-like feel, in situations usually shot through with the artist's black sense of humour; to May 18
**Galerie Nationale du Jeu de Paume** Tel: 33-1 47 03 12 50
● Jaume Plensa: display of works produced by the sculptor between 1991 and 1996. Plensa uses iron in his work but in a minimalist style that allows natural resources, particularly light, to play a major role in the compisition of his pieces; to May 18

### ■ STRASBOURG

**CONCERT**
**Théâtre Municipal de Strasbourg - Opéra du Rhin** Tel: 33-388 754800
● l'Orchestre Philharmonique de Strasbourg: with conductor Claude Schnitzler in works by Martinu and Bartók; from May 2 to May 9

### ■ VIENNA

**CONCERT**
**Musikverein** Tel: 43-1-5058681
● Symphonien Orchester Sachsen-Anhalt: with conductors Heribert Beissel and Wolf Peschl, in works by Wagner, Beethoven and Bruckner; May 4

**EXHIBITION**
**Palais Liechtenstein** Tel: 43-1-3176900
● Nahum Tevet: Opening Moves: display of installation pieces by the Israeli artist produced over the past 30 years. Tevet creates complex sculptures made from simple pieces of furniture; to Jun 8

**FESTIVAL**
**Wiener Festwochen** Tel: 43-1-5861676
● Opening this year's festival will be a special concert celebrating the 200th anniversary of the birth of Schubert, featuring the Radio Symphonie Orchester Wien conducted by Dennis Russell Davies, the Arnold Schoenberg Chor and the Wiener Staatsopernballett, choreographed by Renato Zanella; from May 8 to Jun 22

### ■ WASHINGTON

**EXHIBITION**
**Hirshhorn Museum and Sculpture Garden** Tel: 1-202-357-2700
● Jeff Wall: display featuring 30 large-scale colour transparencies in light boxes by the Canadian artist. Wall's back-lit photographic images are meticulously staged contemporary narratives, which draw from film, street photography and pre-20th century paintings; to May 11

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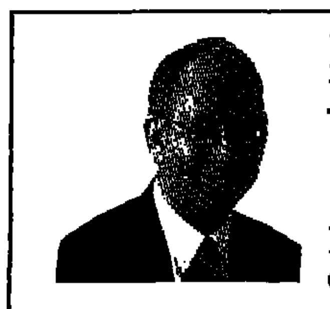

## Peter Martin

# Victorian values

### If they are to survive, small merchant banks and mutually owned organisations alike must come up with fresh ideas

The slanging match between the Co-op and Hambros, which ended in a grovelling apology by the bank this week, was a reminder of a 150-year-old contrast between two concepts of British capitalism.

On one side of that early Victorian divide were the newly specialised merchant banks: aggressive, family-controlled and privately owned. On the other was the rapidly growing mutual ownership movement, in retailing, housing finance and insurance. Observers of the period must have wondered which of these two approaches – proprietorial finance and mutual ownership – would shape the future of UK business.

The answer, of course, was neither. Though the Co-operative Wholesale Society emerged momentarily victorious this week – Hambros apologised unreservedly for its role in assisting Mr Andrew Regan's break-up bid for CWS – the episode exposed its underlying weakness.

And the fact that Hambros was prepared to involve itself with such an essentially flimsy bid illustrated the bank's difficulties in finding a role for itself in the City, post Big Bang.

Neither the mutual movement nor the independent merchant banks play a central role in the British economy these days. For both, the issue is as much a crisis of confidence as of day-to-day operations.

The defection of the big building societies from the mutual concept – to be followed by an increasing number of insurance companies – illustrates the loss of faith in the movement's social value. If the mutually owned retailing businesses, such as the CWS, were healthier, they might be following suit.

And in the City, the independent family-controlled merchant banks have almost all surrendered their claims to leadership. Victory has largely gone to impersonal publicly quoted financial institutions, often foreign-owned.

For both sides in this week's argy-bargy, success – indeed survival – depends on rediscovering a raison d'etre. The task for the Co-op is the more demanding. Its traditional collectivist ethos is out of tune with the individualist times. Just as worrying, its retailing operations have failed to adjust to the rise of the giant supermarket chains and the growth of out-of-town shopping. It is in essence a collection of weakly branded mid-sized food retailing businesses – precisely the sector which stands to suffer most.

Simply transforming the operating management of the Co-op is not enough, however. If it is to prosper, it will need to reinvigorate the co-operative ideals which created the movement 150 years ago. There are a few hopeful signs. One is the relative success of one arm of the movement, the Co-op Bank, in using idealism as part of the brand. A focus on ethical investment has given the bank an extra appeal to retail customers.

A second hopeful sign is the growth of the National Trust, which owns many of Britain's stately homes. Its rapid rise in membership – now 2.3m – illustrates that, for many British people, there is still a great attraction in a sense of benevolent belonging. And a third straw in the wind is the speed with which New Labour has acquired new individual members.

These trends all indicate the way in which a skilfully revamped Co-op could tap into the belief that there is more to life than consumption – as long as it delivers efficient consumption too.

For Hambros and other small independent merchant banks, the task is simpler: finding a focus. Entrepreneurially minded finance boutiques can succeed even in a market dominated by giant houses, as long as they are able to specialise in a particular skill or sector. The success in the US of Allen & Co, a boutique investment bank which has become a sought-after adviser to media businesses, is a case in point. "Herb Allen is quite prepared to say to me: 'Don't do a deal – everything's too expensive at the moment'," said one grateful client this week. Such independence, he said, was a luxury only a small firm could afford.

But Hambros need not look so far afield to find a successful boutique: the best recent British example carries the Hambro name. Hambro Magan was founded in 1988 by Mr George Magan, formerly of Morgan Grenfell, and Mr Rupert Hambro, a family member who had set up on his own a few years before. Run by Mr Magan, it rapidly achieved success in corporate finance advisory work, and was sold last year to NatWest Group for a price thought to be over £100m. If that figure is correct, in eight years Hambro Magan created value equivalent to a quarter of the market capitalisation of Hambros itself, built up over a century and a half.

Hambros' involvement with the CWS bid was tarnished by the fact that its client, Mr Regan, had obtained confidential internal information from disenchanted Co-op managers. Such things happen; this is not the first bid where confidential information has played an important role.

The art of successful merchant banking lies in distinguishing the imaginative from the flaky, the aggressive from the improper – and in knowing when to concede that the opposition is clearly right. Hambros did not score well on these counts. Its lack of focus is a more serious, long-term problem, however, just as damaging as the Co-op's apparent lack of purpose.

It is a long way from the Victorian era which gave birth to independent merchant banking and the co-operative movement. Both sides face a common problem: establishing their relevance in the years ahead. Without a fresh set of transforming ideas, they will not make it to the end of their second century.



# LETTERS TO THE EDITOR

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## Stark facts about UK's partners in Europe have been ignored

*From Mr Ian Strachan.*

Sir, I am astonished that the Financial Times backs Labour ("Europe is the issue", April 29). This ignores the stark facts about Britain's larger EU partners. The fertility rate of France, Germany, Spain and Italy is overall about 1.4. This means that they will lose nearly one-third of their populations over the next generation. This would be bad enough in itself, but it is compounded by their unfunded welfare commitments. This is forcefully illustrated in the International Monetary Fund occasional paper, Ageing Populations and Public Pension Schemes, published last December. It is not surprising that Mr Klaus Kinkel, the German foreign minister, asks us to vote Labour and to "pool our resources" in the EU.

This seems to mean the UK's oil, coal, and £650bn in pension funds with their huge future fiscal deficits. From his position, I would do the same. In a strict sense, Europe is a dying continent. Its clinging to outmoded corporatism and over-regulation will merely hasten its demise.

**Ian Strachan,**
**53 Ranmoor Crescent,**
**Sheffield S10 3GW, UK**

*From Mr Erwin Brecher.*

Sir, For the first time in my life I have become a floating voter. What made me finally decide not to vote Labour is the disingenuous argument it uses in respect of the windfall tax. It is nonsensical to compare the windfall tax on utilities with the tax levied on banks by the Conservatives in the early 1980s.

The latter was on profits truly earned on a windfall event, the rise in the base rate to 15 per cent, while banks had billions of pounds on current and fixed-interest deposits. The only true comparison with utilities would be if one of them were to strike oil in its back garden.

What Labour proposes is a retroactive tax, morally and economically reprehensible.

**Erwin Brecher,**
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**Prince Albert Road,**
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*From Mr Jean-Pierre Bibaud.*

Sir, Clearly Mr Blair has transformed the Labour party such that it is almost unrecognisable from the party of 1992. This of course is no bad thing; democracy is best served by reacting to the public's wishes and building policy accordingly. However, the question is, why did Mr Blair choose the Labour party? Had he tried to make the Conservative party adopt the policies of New Labour, he would have had a significantly smaller transformation to undertake.

**Jean-Pierre Bibaud,**
**4 Rushmere Avenue,**
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**Manchester M19 3EH, UK**

*From Mr Ian J. Harthill.*

Sir, In your editorial "Changing the constitution" (April 28) you refer to the difficulties of the West Lothian question. It doesn't really present any difficulties. First, devolution to regional government in Wales and Scotland should be followed by devolution to regional government in England. Second, the West Lothian threat is non-existent; 80 Scottish MPs cannot impose their will on 550 English MPs but 550 English MPs can, and do, impose their will on 80 Scottish MPs.

You also refer to reform of the House of Lords. It seems to be taken for granted that the only role of the House of Lords is as a revising chamber, but in other countries such as the US and Germany the role of the second chamber is to protect the rights of the regions. If the House of Lords had that function, the excessive centralisation of power of which you rightly complain could have been prevented.

**Ian J. Harthill,**
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**Chandler's Ford,**
**Eastleigh,**
**Hampshire SO53 5PR, UK**

*From Dr Anne-Carole Chamier.*

Sir, Victims of psychoses are unaware that their state of mind is unbalanced. This applies to nations and groups as well as individuals. What is termed "Euroscepticism" in Britain is, in fact, not healthy scepticism because it carries all the hallmarks of paranoia. The British press, with the honourable exception of the FT, has fed the nation a poisoned drip of disinformation and anti-European propaganda that has cruelly distorted perceptions.

So much so that the only politician with a robust and healthy outlook on the nation and its relationship with Europe is widely vilified. If Mr Kenneth Clarke were leader of the Conservative party I would be voting for it.

**Anne-Carole Chamier,**
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## Problem is pricing, not dumping

*From Mr Anders Aslund.*

Sir, The EU has long accused eastern Europe of dumping metals on European markets. Stefan Wagstyl ("Steel prices equalise across Europe", April 29) argues the new European price conversion for steel "reflects the long-term economic transformation of eastern Europe", suggesting that the east Europeans have started recognising actual costs.

However, the article's accompanying price graph offers a different story. Polish and Czech steel prices rose by only 2 per cent from mid-1995 until early 1997, while the average EU price of hot-rolled coil fell by no less than 27 per cent. Thus, the problem was EU over-pricing rather than east European dumping.

Poland and the Czech Republic have long had free input prices and offered competitive prices, while the EU over-pricing was caused by limited competition. Fortunately, Poland and the Czech Republic have forced the EU steelworks to trim their fat to the benefit of all other Europeans.

Today, Russia and Ukraine are the aggressive exporters of metals, notwithstanding that their input prices have been freed. The EU and the US should learn from this evidence and welcome their competitive metal prices rather than accuse them of dumping.

**Anders Aslund,**
**senior associate,**
**Carnegie Endowment for International Peace,**
**2400 N Street,**
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**D.C. 20037-1153,**
**US**

## No point in creating an ever-deeper poverty trap

*From Mr Jonathan Fry.*

Sir, Martin Wolf's article on the minimum wage, "A policy with no point" (April 22), contains much comment but little sensible analysis.

He derides as vague the idea of a commission to examine the details of a minimum wage, but then states that the devil will be in the detail. He assumes a commission would only contain representatives from powerful employer and trade union interests, but offers no evidence for this. He says a minimum wage as low as £3 an hour would only help a small proportion of the work force, yet in human terms it would help 1.2m people.

He states that it has long been conventional wisdom among economists that minimum wages have adverse effects on employment; but empirical research has moved on and the consensus now is that employment effects hover around zero. He seems to accept that a minimum wage set at the old wages councils' rates would have no adverse employment effects; yet the average of those minimum rates would today be about £3.32 per hour and around 2m people would benefit.

He implies that the only important reason for introducing a minimum wage is to alleviate poverty; whereas supporters of a minimum wage also see it as an important plank in the development of an efficient and fair economy. He suggests there is little link between poverty and low pay; but the correlation between the two has actually increased, with the poverty people experience in work often following them through into retirement.

He states that any plausible minimum wage would fail to float people off benefit dependence because of the poverty trap; yet supporters of a minimum wage argue that it should be accompanied by tax and benefit reform to have maximum impact. In fact, a minimum wage is needed to buttress the benefits system and ensure that wages, rather than means-tested benefits, form an increasing proportion of household income. The alternative to a minimum wage is declining wages, rising benefit bills and an ever-deeper poverty trap. That is the policy with no point.

**Jonathan Fry,**
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## Technology · Andrew Baxter

# The world in your wallet

### A new smartcard could replace everything from driving licences to credit cards

Mr Hardy Hennige was trying to make a phone call in Switzerland. "I had about 20 cards of various types in my wallet but I didn't have a Swiss phonecard. I thought there must be a way to combine them all into one," he says.

That was seven years ago, and Mr Hennige believes he has come up with the solution. He has invented the e-pass, a smartcard with built-in touchscreen which, he says, could carry out functions performed by everything from driving licences and ID cards to credit cards and cash.

Instead of a wallet full of cards people could use a single multi-functional card no thicker than a small calculator, say the new card's developers.

"It's going to have a radical impact on the life of the whole developed world," enthuses Mr Tom Heinersdorff, a consultant who has been working with London-based E-Pass International. "It's a future smartcard and a future mobile PC."

Mr Hennige – a German entrepreneur now based in the north of England – has spent about £1m ($1.62m) patenting the e-pass concept in Europe, the US and most other big potential markets, and patents are pending elsewhere. Although the e-pass is not yet in production – that could take a year or two – he is convinced that it will be the next generation of smartcards.

The e-pass, he claims, inspired the "wallet PC" envisaged by Mr Bill Gates, Microsoft chairman, in his 1995 book *The Road Ahead*, which in turn has given Mr Hennige's invention credibility. "Interest in e-pass is colossal," he says.

The system would have a wide range of uses, including identification. "It would reduce the cost of administering national ID schemes, which is why governments are interested in it," says Mr Heinersdorff.

But, he believes, it would be particularly useful for travellers, who could download their medical records on to it, book their airline seat with it and use it as their ticket.

Hennige: 'the patents are frighteningly strong'

The e-pass is a logical progression from a recent innovation in smartcard technology – cards with small reader-screens attached. "A card with a screen in one is the next step," says Mr Ron Holland, executive chairman of Xanadu, E-Pass's parent company.

Details of the production versions have yet to be decided, and could change as new technologies are developed. The e-pass would have one or two screens which could be activated by stylus or, more likely, voice recognition. "To make it small, you have to take the keyboard away," says Mr Heinersdorff. "But you also have to show what's in the card, to give customers confidence. So you need a screen."

Access to the system would be via fingerprint or voice recognition, giving a high level of security and removing the need for the cardholder to remember a pin number. The card would run on solar power and batteries which would recharge when the card is inserted into a transaction device such as a cash register.

The card would use infrared technology to transfer data to and from other devices, including digital TVs and webTVs. The infrared lens would restrict the thinness of the card to about 4mm, says Mr Hennige, but would create room for the rest of the electronics.

Two recent innovations, unveiled at this year's Smart Card Show in the UK, could help make the card thinner. One was an Israeli battery as thin as aluminium foil, and the other was a flexible screen, of which the best Mr Hennige saw was from Samsung of Korea.

One thing that has been decided is that neither E-Pass nor Xanadu will make the card. Xanadu is raising funds in a private placement to buy the patent rights from Mr Hennige, who will receive royalties and will remain as managing director of E-Pass. "I want to be in the driving seat," he says.

Once it has acquired the rights, Xanadu will try to sign up a worldwide network of licensees, associated enterprises and partners.

"The attitude here is one of total humility," says Mr Heinersdorff. "There is no way that one company could attain a fraction of this product's worldwide potential."

Mr Hennige has been in contact with companies ranging from Microsoft and International Business Machines to Motorola but the only deal so far agreed is with Gemplus, the fast-growing French manufacturer of smartcards which is working on a prototype. One of Gemplus' big UK customers is keen to run a pilot project with e-pass, says Mr Hennige.

The e-pass will not be the only multifunction smartcard available, and rival technologies such as the Swatch Access watch-with-a-chip are being developed so it can display information as well as store it. But anyone who wants to build a screen into a smartcard will have to talk to Mr Hennige. "The patents are frighteningly strong," he says.

FINANCIAL TIMES

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Thursday May 1 1997

# The US storms ahead

Yesterday's US growth figures for the first three months of this year were a shock to the system. Ever since Mr Alan Greenspan, the chairman of the Federal Reserve, nudged up interest rates a little over a month ago investors have been divided over whether it was the first increase of many, or the last for some time. The new data, showing the economy growing at a 5.6 per cent clip in the first quarter, do not decide the issue. But they will surely make the most optimistic analysts wonder whether the US could be having too much of a good thing.

The precise figures, of course, are eminently revisable. The US was initially thought to have grown 4.7 per cent in the final quarter of last year: the final best estimate was "only" 3.8 per cent. That inventories, always difficult to measure, accounted for such a large share of the increase is a particular reason to handle the data with care.

Yet even with these health warnings, there is no getting around the fact that the US is heating up again. There are two clear implications. The first is that US and Japanese hopes of a stable dollar, even a weaker one, seem even more fanciful than before. It is difficult to believe dollar investors will consider this a time to jump ship for the yen or the D-Mark.

They are unlikely to do this in part because of the second message from yesterday's news. Recent hawkish-sounding comments by various Federal *Reserve governors* have prepared the ground for another tightening when the bank's policy-making committee meets again on May 20. Arguably, the question now will be whether the increase ought to be a Greenspanesque nudge or something more substantial.

Those who believe that the US has found the secret recipe for inflation-free growth will point out that price and wage data, including the first quarter employment cost data released on Tuesday, have shown no sign of upward pressure since last month's tightening.

It is still possible, then, that Mr Greenspan will be able to get away with the relatively modest rise in interest rates over the next year or so which investors seem to expect. But for that to be the case, one of the following would have to be true: either the US economy is not merely different, but unrecognisable from its historical self, or it is about to slow of its *own accord. For all the optimistic* talk, few would claim there was hard evidence of either. But applying the brakes would hardly be an admission of defeat. The US recovery of the 1990s has, rightly, been the envy of the world: the point of slowing it down would be to keep it that way.

# www.who?

The Internet's World Wide Web, once the playground of cyberfreaks, is rapidly becoming a standard business tool. But the Net's explosive growth is making it difficult for companies to protect their trade names.

To meet this problem the International Ad Hoc Committee of Internet users has suggested a new way of allocating "domain names" (such as FT.com). It wants the World Intellectual Property Organisation to adjudicate between competing claims for the same name. Internet interests are meeting in Geneva this week to discuss these proposals.

The most popular names, with the generic ".com" suffix, are currently registered by a US company, Network Solutions. They are given out first come, first served, so well known companies may find that someone else has got there first. An enterprising journalist, for example, registered mcdonalds.com. McDonald's, the international fast food chain, got the name back in return for a donation to charity. Other companies have not been so lucky.

The legal status of domain names is unclear. If a company uses another's name on the Internet to promote its own product, then it is probably in breach of conventional trademark law. But there is no redress if the address is used for non-promotional purposes. There are few legal precedents because most disputes over Net names are settled out of court and it is often unclear in which jurisdiction cyberspace lies.

More than 1m domain names are registered with Network Solutions and the number is growing rapidly. It can be difficult for Internet newcomers to find a suitable, catchy address. Some would like to end Network Solutions' monopoly, so that a network of companies can offer both the existing ".com" names, plus new ones, such as ".inc" or ".firm".

This would make it harder to protect brand names, because their owners might want to register them with many different suffixes, possibly provided by a number of rivals to Network Solutions. Internet users will have even more difficulty finding the site they want. Multiple providers might also add to delays in setting up new Internet sites.

New net names are needed to accommodate rapid growth in the medium. But a plethora of additional suffixes could turn Internet confusion into anarchy. *Already there could be up to* 40m Internet users and the number is growing rapidly. Clearly, some form of regulation is needed. Involvement of Wipo in adjudication would be a useful first step.

# Soap suds

There *was* a real battle in this election campaign, but it had not much to do with that between the parties. It was a struggle between packaging and content, between politicians as soap powder and parties as vehicles for informed debate. Without question, the soap powder won.

This is not in itself surprising. Given the narrowing of the policy gap between the parties – and, at least as important, the determination of New Labour to gloss over differences where they did exist – marketing was all that was left.

For Labour, lobotomised for the purposes of the campaign, the self-important war rooms and choreographed battle plans provided welcome displacement activity without which there would have been the constant danger of ideas showing through. For the Tories, attack advertising in a wearyingly long campaign appeared to offer the only hope of tripping their opponents. That Labour refused to oblige can scarcely be blamed on the ad-men.

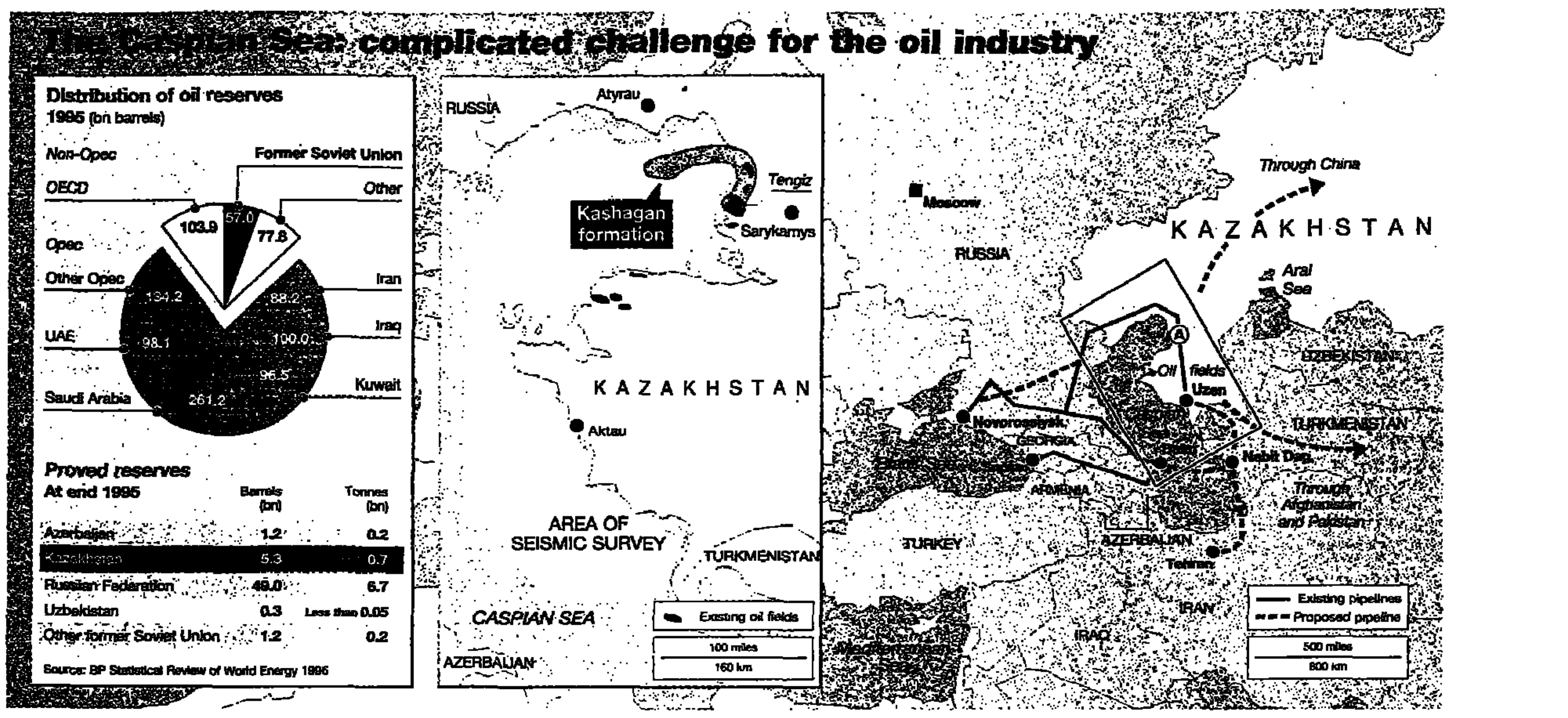
Nevertheless, there may be grounds for hope even after this most dispiriting of modern elections. First, it is not clear any of the *rubbish* worked. The poll gap between the parties shrank a bit during the campaign, but it would be far-fetched to attribute this to the marketing effort on either side. And while Labour's lead remained large, its packaging *failed* to create any public feeling of warmth towards the product.

Second, neither of the parties has seemed entirely comfortable with the output of its spin-merchants. Mr John Major was so impressed with the advice from Tory HQ that he cast it aside, concentrating instead in the campaign's final weeks on direct appeals to the populace. They would have struck by far the truest note, had they not been drowned out by rude noises from the Eurosceptics in the wings.

Even Labour seemed queasy at times about the circus. Its election broadcasts have verged on self-parody. When things were wobbling behind the shink-wrap half-way through, Mr Tony Blair vowed to inject some needed personal passion into the campaign. The *upshot*: some pre-packaged personal passion.

What are the voters to make of all this? It would not be surprising if they reacted to such shameless manipulation by staying away from the polls in droves. But they should not despair.

It may be that politicians will learn from this campaign that British citizens do not take kindly to being treated as half-wits. More important, there are grounds for thinking that the next election will present the electorate with more of an open choice on the issues that matter. Just so long as it does not come too soon.




# Treasure under the sea

## The Caspian's oil reserves could be enormous but there are disputes to overcome, say **Charles Clover** and **Robert Corzine**

Oilmen traditionally measure the product of their business in terms of barrels, tonnes, or cubic metres. But in Kazakhstan, the former Soviet central Asian republic, they have taken to talking about "Tengizes" to describe the reserves that may lie beneath the Caspian Sea.

Tengiz is the "supergiant" oilfield on the eastern shores of the Caspian which contains between 6bn and 9bn barrels of oil, enough to fuel the energy-guzzling US for at least a year. But oil experts now believe the region may have reserves many times greater – in particular in the Kashagan formation, a recently discovered area under the sea.

"There might be six Tengizes in there," says a western oil executive in Almaty, the Kazakh capital.

Some estimates suggest the shallow waters of the Kazakh section of the Caspian could contain at least 25bn barrels, although the most optimistic forecasts go as high as 70bn barrels or so. That compares with about 45bn barrels discovered in the waters off the UK.

However, many obstacles – including diplomatic disputes over the legal status of the Caspian and political problems over the routes of export pipelines – have made *the Caspian one of the* international oil industry's most complicated challenges.

If the hunches of western oil experts prove correct, the development of the Kashagan formation could help change global energy trading patterns within 10 to 15 years.

The centre of gravity of the world's oil markets is shifting rapidly east to the fast-growing economies of China and south-east Asia. A recent study by Wood Mackenzie, the oil industry *consultants*, predicted that every Asian country apart from Brunei will be a net oil importer by 2015.

The Caspian is increasingly seen as a logical source to meet much of that growing demand, especially as many Asian countries are keen to diversify away from their dependence on the Gulf. Optimists believe it will only be a matter of time before *the Caspian region experiences* the sort of oil boom that would enable it to become a significant global supplier.

There are already signs of that in Azerbaijan, further south down the Caspian's western coast, where an $8bn foreign-led development is due to produce its first oil later this year.

Baku was one of the birthplaces of the world's oil industry and contributed much to the fortunes of the Rothschild and Nobel families. But the area dropped out of the international industry in the 1920s with the Soviet occupation of the region. The Caspian's vulnerability to foreign invasion meant the Soviet Union gave priority to the development of the vast Siberian fields after the second world war, and production from the Caspian declined.

Soviet oil prospectors continued to explore, however, and Soviet geologists discovered the Kashagan formation in the 1980s. But it was only after the Soviet collapse that an independent Kazakhstan invited in a consortium of western oil companies including Agip of Italy, British Gas, British Petroleum, Statoil of Norway, Mobil of the US, Royal Dutch/Shell and Total of France.

*Over the past three years they* have submitted an area of 100,000 sq km covering Kashagan and surrounding areas to one of the most extensive seismic surveys ever conducted. As payment for this service the consortium members will get to choose 12 "blocks", representing about 10 per cent of the survey area, to drill for oil.

"Most of those blocks are going to cover Kashagan," says an employee of one of the consortium members.

The remaining 90 per cent of the area will be opened for general bidding after a production-sharing agreement is signed between the consortium and the Kazakh government, possibly by the middle of the year. But other international oil companies – including Amoco and Exxon of the US – are already trying to join the venture, fearing the consortium will be able to lock up the most attractive prospects.

Lukoil, Russia's biggest oil company, is also seeking a stake that would probably be paid for out of a multi-billion dollar credit line from Arco, its US joint venture partner. Earlier this month the president of the Japan National Oil Company was in Kazakhstan to meet Prime Minister Akezhan Kashgeldin, reportedly to discuss how it could secure a share in the consortium.

Prospective members of the consortium hope they can join the venture when Kazakhstan takes a stake – so far, the newly independent republic is not involved. Although the consortium has a right to 100 per cent interest in the 12 blocks, its members have always known it might be politically beneficial to make room for a Kazakh company. "We could see some advantage in participation by a Kazakh entity," says one consortium member.

That partner would almost certainly be Kazakoil, the newly formed national oil company. But it does not have the money needed to meet its share of the consortium's investment, which could be as high as $100bn if the most optimistic estimates of reserves are correct. The Kazakh *company would therefore have to* "farm out" part of its interest to another partner, which would pay both their shares.

"The Kazakhs still haven't negotiated their own interest yet, but while they are doing that they will also have to think about laying some of it off in order to fund their cash calls," says one western oil executive.

Such arrangements are common in the international oil industry. Kazakhstan currently funds its 25 per cent stake in the Tengiz oilfield with money contributed by joint venture partners Chevron and Mobil.

However, choosing a partner or partners for a Kazakh oil company is not just a commercial decision; there are compelling strategic factors to be considered. Chief among these is what role to accord Russian companies.

Neighbouring Russia has a powerful say on the development of the Caspian reserves because it controls the main export pipelines from the region. Moscow wants to retain a high degree of influence over future routes and participation in the consortium by Lukoil, widely seen as Russia's surrogate in the area, should ease the venture along.

Its introduction last year into the Caspian Pipeline Consortium, which is building a 1.2m barrel-a-day pipeline from Tengiz to an export port on Russia's Black Sea, helped overcome the final barriers to that project.

But it seems that the main obstacle to a stake for Lukoil in the Caspian offshore is on the Russian side. Russia's foreign ministry has come out against Lukoil's participation in the consortium and is in dispute with the ministry of fuels and energy which has championed Lukoil's involvement.

The foreign ministry's view stems from a long-simmering controversy over the legal status of the Caspian Sea. The issue is whether it is in fact a sea, and therefore divisible under international law into sectors, or whether it is a lake which must be shared equally among the littoral states.

*Russia stands to lose out if the* Caspian is divided into sectors, as the big prospects are located in what would be the Azeri and Kazakh sectors. Predictably, the foreign ministry thinks the Caspian Sea is a lake and fears that Lukoil's participation in the consortium would give implicit recognition to the existence of a separate Kazakh sector.

But as western observers point out, Lukoil is already a member of the BP-led Azerbaijan International Operating Company which is developing the fields off Baku. A precedent has thus been set for Russian commercial participation.

The foreign ministry has put forward a compromise whereby everything within 45 nautical miles of the shoreline is divided into national sectors, but everything in the middle is shared. But even that is not as simple as it seems. In the shallow northern Caspian, where Kashagan is located, tides can change the shoreline by up to several miles in a single day.

One western geologist explains the vagaries of the Caspian shoreline in layman's terms: "We set our boat down on the beach one evening after work, and the next day we were driving back to it, and we found it sitting in the middle of the highway 20 miles from where we put it."

To make matters more complicated, the Russian foreign ministry refuses to publish the map of the Caspian it relies on for its claim. "We keep asking them for the map," says a representative of the international consortium.

Some western diplomats believe that the Kazakhs, who share a long border with Russia, will cave in to Moscow's demands. But Kazakhstan has tried to counter Russian pressure by pushing for new export routes for Caspian Sea oil, which if built, would weaken Russia's monopoly over existing routes.

A pipeline which would link up with a line from the oil-rich Tarim Basin in western China, *for example, is starting to be* taken seriously as Japanese participation in the consortium becomes a real prospect.

Several other non-Russian export routes out of the Caspian area are also being being promoted. Iran offers the most viable alternative pipeline route – provided US sanctions against investment in the country could be lifted.

Some suggestions, such as a pipeline from Turkmenistan through Afghanistan to the Pakistani coast, might appear fanciful given today's political landscape in the region. But as western oil men are fond of pointing out, history shows that big oilfields – whether technically or politically challenging – eventually find a market.

# OBSERVER

## Dimitra's dilemma

■ Andreas Papandreou, the colourful founder of Greece's governing Socialist party, may *have died almost a year ago but* skeletons are still tumbling out of the family closets. A fresh clutch of lawsuits is being filed.

One case has already been settled. Papandreou's *illegitimate* daughter Andrea, born after a liaison with a local television presenter while the Papandreous were in political exile, has won a battle with his widow, Dimitra.

Andrea now gets half her father's prime ministerial pension under a Greek law that entitles unmarried daughters to share in a widow's pension from the state.

But Dimitra, the ex-Olympic Airways stewardess who nursed her husband through his last years in power, now says she's feeling the pinch. She claims that without the full pension she can no longer afford to live in her pink villa in the plush Athens suburb of Ekali, which was built from the sale proceeds of Andreas's family home.

She may be turned out anyway, if Papandreou's children have their way. They claim their father should never have sold the house they grew up in; earlier this year, daughter Sophia discovered her grandmother's lost will – leaving the property to her and her three brothers. So the young Papandreous are starting proceedings to get the house *back; its current owner is* demanding his money – plus damages – from the Papandreou estate. Dimitra is telling friends she may even soon have to start looking for a job.

## Risky business

■ Nice to see the dapper John Bond, chief executive of HSBC Holdings, riding to the support of Hong Kong as a financial centre.

Five out of the largest six foreign exchange reserve positions are held by Asian central banks, he proudly told a conference on Hong Kong financial markets earlier this week. Between them, they command somewhere between $500bn and $600bn, money they will want to recycle through Asian financial centres in the next century.

What's more, he says that 10 years hence in an ever-changing world, Asian bankers will be worrying about European country risk, rather than European bankers worrying about Asian risk.

Curious sentiments are they not, coming from a man whose company uprooted its headquarters from Hong Kong to London after its takeover of Midland Bank in 1992?

## Vodka shot

■ Picture it if you can. It's 2am eastern Siberian time and 50 fund managers and analysts, representing the cream of western institutional investors, are being given the red carpet treatment by Gazprom, Russia's biggest and most politically powerful company.

The natural gas monopoly is having a tough time fending off a revolt from the west over a controversial "ring-fencing" strategy intended to prevent cheaper, domestically-traded equity from leaking out on to the international market.

So when it came to party time last week in Yambourg, deep in the heart of Russia's gas fields, it was only natural that cossack singers, caviar pancakes, stuffed piglet and fine vodka would be on hand to help provide the necessary reassurance over Gazprom's good intentions.

Innumerable emotional toasts, however, eventually led to a challenge by the hosts to a game of football. The guests ruthlessly notched up a 4-3 victory and man of the match was Sergei Glaser, equity analyst at Salomon Brothers, for repeatedly stopping Russian shots at goal.

If Gazprom can stop share leaks as effectively, western supporters should have nothing to worry about.

## Sea Change

■ Hong Kong's arrangements for its post-colonial future continue apace – at least for the territory's elite.

The latest step, horror of horrors, sees Queen Elizabeth cast adrift as patron of the Royal Hong Kong Yacht Club. The club flag is also to go, with the Bauhinia flower of the new administration possibly replacing the crown. David Kong, the club Commodore, says he'll be approaching Tung Chee-hwa, the territory's future leader, to discuss a new patron and that the shipping tycoon might himself be an appropriate candidate.

Until now, the yachties have been something of a bastion of colonial protocol. Last year, the club voted to retain the "Royal" tag, charting a different course from the Jockey Club and the Hong Kong Golf Club.

But that stance may now present a problem; that's unless Mr Tung, or any other new patron, is to be crowned king of Hong Kong.

## The Financial Times

### 100 years ago

**New South Wales Finances**
So far as can be gathered from the telegraphic summary of the speech of the New South Wales Premier and Treasurer, the finances of that Colony appear to be on the mend. The financial statement was delivered earlier than usual, as Mr Reid is booked for the Jubilee in London *[Queen Victoria's Diamond Jubilee]*. The surplus for the year was £104,000, which is only half the amount estimated. Several sources of revenue, notably income-tax, land and railways, showed fair increases.

### 50 years ago

**Mexico Loan Request**
Mexico's application to the World Bank for a loan of over $200 millions is likely to generate a heavy demand for wet towels and ice among the Bank's directors because it raises in its most acute form the problem of the Bank's lending policy to countries with bad debt records. Mexico's treatment of foreign capital has been an appalling record of defaults, arrangements and expropriations. Mexico, on her record, will be hard put to satisfy the Bank's requirements

FINANCIAL TIMES
Thursday May 1 1997



# Polls predict Labour victory in UK election

By Robert Peston, Political Editor

The UK votes today with most opinion polls giving the main opposition Labour party a greater lead than any party has enjoyed on the eve of an general election since the second world war.

Mr John Major, the prime minister, yesterday made an impassioned plea to wavering voters to deliver a fifth consecutive term of office to his Conservative party.

Mr Major urged the British people not to be "taken in" by Labour's "marketing scam".

Describing today as "Britain's day of destiny", he returned to his core campaigning message, warning that the UK's economic success would be put at risk by Labour. "Low inflation, too good to give up", he said. "Low mortgages, too good to give up. Falling unemployment, too good to give up. Our economic success, too good to give up. Our United Kingdom, too good to give up. Don't take the risk."

But the electorate does not seem persuaded that Labour represents a danger to prosperity. An NOP poll for the Reuters wire service puts Labour on 50 per cent, 22 points ahead of the Tories, which represents a 1 point rise over the past three weeks.

If it were repeated in today's vote, Labour would have a majority over all other parties of 223 seats.

A Harris poll for the Independent newspaper showed Labour on a 48 per cent share, unchanged over the past week. The Conservatives were on 31 per cent, up one. However, neither Mr Major nor Mr Tony Blair, Labour's leader, believe the polls are a reliable forecast of today's result.

Speaking in his constituency of Sedgefield in the north of England, Mr Blair said: "There are parts of the media that have written the Conservatives off, perhaps even the Conservatives have written the Conservatives off, but we carry on and we fight right until the last moment."

Labour's shadow finance minister, Mr Gordon Brown, said: "Don't just hope for change, vote for change."

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# Next HK leader rules out crackdown on dissent

By John Ridding in Hong Kong

Mr Tung Chee-hwa, Hong Kong's future leader, has vowed that there will be no crackdown on political dissent after Hong Kong returns to China in July.

In a US television interview, Mr Tung said that pro-democracy forces would be free to demonstrate.

Public consultations finished yesterday on Mr Tung's plans to strengthen police powers over demonstrations and tighten the regulations which govern political parties.

His comments were an attempt to reassure the public on the proposed changes, which have provoked strong reactions from local political groups and from the outgoing British administration.

The proposals introduce the requirement for a police permit to hold a demonstration, with applications required seven days in advance, or 48 hours in special cases.

Mr Tung is also proposing a ban on political donations from foreigners and plans to take account of national security considerations when approving demonstrations and registration of political parties.

The territory's future leader says the laws are necessary to avoid a legal vacuum after a decision by China's National People's Congress to scrap existing laws passed by the Hong Kong government.

He rejects charges that the new laws will curb civil liberties, claiming they will help strengthen social stability.

"Demonstration is part of our culture. Mr Martin Lee, his friends and others should feel comfortable demonstrating," said Mr Tung, referring to the leader of the Democratic Party.

"If they want to be martyrs, they will be very disappointed."

The former shipping tycoon, who takes office in July, dismissed the possibility of a military crackdown on dissent, as happened in Beijing's Tiananmen square in in 1989. "It cannot happen here. It will not happen here. I will not allow it to happen here," he said.

Mr Lee, the territory's most prominent pro-democracy politician, said Mr Tung's comments were inconsistent with his proposals to amend laws on civil liberties.

"This is an encouraging statement which recognises the reality that Hong Kong is a free society. But there is a significant discrepancy between what he is saying and what he has proposed to do in radically restricting Hong Kong citizens' rights to free expression and lawful demonstration."

Mr Chris Patten, the Hong Kong governor, has criticised the changes as unnecessary.

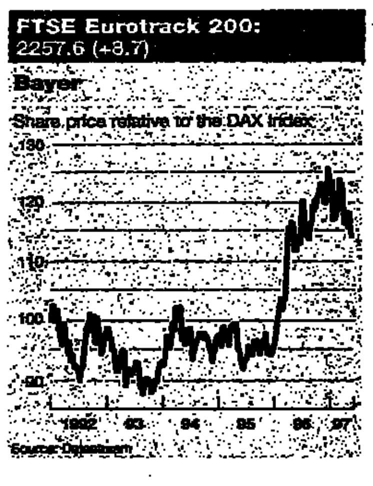
## THE LEX COLUMN

# Nifty footwork

The erratic meanderings of Wall Street provide compelling evidence of a market that has lost its way. Bafflingly inconsistent economic data – inflation pressures and goods orders below expectations, output well above – are not helping. But investors are obviously nervous when a string of excellent earnings figures from companies like Microsoft, Disney and Coca-Cola fail to ignite sentiment. Concern about higher interest rates is understandable, but overdone. Certainly, labour markets are tight, and the economy is showing strong momentum. But the recent price cuts at McDonald's are a reminder that pricing power for even the best known names is limited. It still looks more likely that wage pressures will trim corporate margins than produce inflation.

Neither scenario is particularly positive for equities. But in the current climate, big-name stocks look a better bet than their smaller brethren. There is already evidence of this: since December 31 the S&P Composite has risen 7.2 per cent while the Russell 2000, an index of small stocks, is down 6.6 per cent. This looks like a re-run of the 1970s when the international focus of "nifty-fifty" stocks gave them a buffer against the domestic wage and price controls imposed by President Richard Nixon. This time round the premium ratings of multinational stocks are justified on grounds of exposure to emerging markets where growth is stronger and competition weaker. The only caveat, of course, is that the "nifty-fifty" rally ended in tears.

FTSE Eurotrack 200:
2257.6 (+8.7)




### Bayer

In contrast to the deconstructionists at Hoechst, Bayer's management has so far stoutly defended the virtues of the chemical conglomerate. Mr Manfred Schneider, its chairman, concedes that the group may have to sell or close some of its less successful product lines, but he firmly believes that the value of Bayer's whole is greater than the sum of its parts. In his defence, Mr Schneider cites overlaps in research and development, marketing and sales. A more telling point, though, is history. Given its larger pharmaceutical arm, Bayer has traditionally been less vulnerable to the business cycle than Hoechst or BASF. It has never, therefore, had to look at itself quite as hard. This stance is becoming less defensible. Yesterday's first-quarter results revealed a generally poor performance by the commodity businesses. Parts of the chemicals division are in loss, while polyurethane plastics, where Bayer is the world's biggest manufacturer, faces pricing pressure as new capacity comes onstream In pharmaceuticals, by contrast, Bayer's business is intrinsically strong.

But rising launch costs and unspecified central costs are holding operating margins at around 16 per cent – against 30 per cent or more for focused drug groups such as Glaxo Wellcome. With Bayer's shares trading at a 20 per cent discount to analysts' sum-of-the-parts valuations of DM85, its management needs to come up with a better justification for refusing to think about a demerger.

### Irish Republic

Independent research institutes may be predicting growth of at least 5 per cent a year up to 2005 and little inflationary pressure – but that would require more than the luck of the Irish. True, growth should be spectacular over the next few years. And the surrendering of the punt yesterday, as it approached the upper end of its ERM range, will benefit exporters. But there are already signs of overheating in the property market and increasing consumer spending. And the government has given away the usual tools for cooling the economy, because of its commitment to European economic and monetary union. Interest rates should be rising. But short-term rates are nearly 300 basis points higher than Germany's, and higher rates would push the punt to uncompetitive levels; so interest rates will instead fall. Furthermore, the government has agreed tax cuts which will further drive consumer demand. A crunch must come. Once the Irish Republic joins Emu, it will lock into a fiscal and monetary policy which bears little relation to its economic cycle. It is far more dependent on trade with the UK and US than with the likely members of Emu.

However, the pay-back for the current boom looks distant, and with corporate earnings growth set to accelerate and interest rates due to fall, the stock market looks a good bet. It has out-performed the UK by 60 per cent since 1993. But price/earnings ratios remain lower and earnings surprises are more likely to be on the upside.

### UK election

As investors struggle to interpret the outcome of today's election, they should be wary of conventional wisdom. Consider, for instance, the jaded notion that nothing much distinguishes Britain's Labour and Conservative parties. The reaction may be understandable, when Labour's public statements are so conspicuously sanitised. But these are the products of a party in election-winning mode. They are unlikely to be a remotely complete guide to how Labour would act in government.

That does not mean there is a hidden master-plan, nor that Old Labour demons lurk behind Mr Tony Blair's grin. Far more likely, Labour will just begin to ask questions and consider options not raised in Whitehall for 18 years. And since Labour's instincts and priorities *are* different, this process will surely generate hefty surprises which, at this point, probably even Mr Blair himself cannot predict.

So the uncertainties are greater than received wisdom suggests. But is this all bad for investors? Not necessarily. There is, for instance, scope for distinctly pleasant news if, say, Labour took a more positive approach to Europe and economic and monetary union. And Labour's evident desire to be elected for a second term will provide a powerful fiscal constraint. If there is an immediate worry, it is the commitment to a root-and-branch review of the corporate and capital gains tax structures. Wise investors will watch Labour's thinking on this.

See additional Lex comment on BICC, Page 17

# UK groups warn Yeltsin

Continued from Page 1

legality of companies established by the government almost five years after the event, this can only have the most adverse effect on the investment climate in Russia."

According to Russian newspaper reports last month, the Russian Supreme Court ruled that the biggest violation when Lenzoloto was privatised was the failure to offer 51 per cent of the shares to its employees at privileged prices. The judges also ruled that Star's stake should have been auctioned or sold through public tender.

Star said yesterday that its advisers and lawyers had proposed a possible legal solution and were awaiting a response.

It also said that JCI, the South African mining group, would pay up to $7.5m for new shares in Star and guarantee a $50m advance by South Africa's Standard Bank so Star could buy 49 per cent of the Sukhoi Log project "subject to Star and JCI being satisfied as to the legal structure".

JCI will also contribute up to $170m to the project, subject to a bankable feasibility study being completed. This would give JCI 60 per cent of the project.

# Argentine clash over bank sell-off

By Ken Warn in Buenos Aires

Moves to privatise Argentina's state-owned mortgage bank received a setback yesterday after government and opposition deputies came to blows in congress over the controversial sell-off.

Banco Hipotecario Nacional (BHN) is Argentina's biggest bank with net assets of $2.7bn. Its sale is a cornerstone of the government's remaining privatisation programme.

There was chaos late on Tuesday when deputies from the ruling Peronist party mustered a quorum to begin debate on the sell-off. Opposition members then streamed into the chamber to shout down the proceedings.

After a vivid exchange of insults, an opposition deputy marched across the floor and slapped Mr Jorge Matzkin, leader of the government bench, in the face. Crowds of deputies began pushing and yelling and the session was suspended in the early hours.

The opposition fears that BHN's social role in providing mortgages to low-earners and financing housing projects will be eroded. Government deputies, however, still appear determined to resume debate on the sell-off next week.

The setback reflects difficulties in other South American privatisations. Brazil's attempt to launch the region's biggest privatisation with an auction of shares this week in mining group Companhia Vale do Rio Doce (CVRD) has been delayed by more than 100 court injunctions nationwide.

The Argentine government's aim of pursuing its privatisation plans ahead of October's mid-term elections has been dogged by political delays. Last week President Carlos Menem signed a decree to privatise the running of the country's main airports after lengthy debate in congress failed to agree a go-ahead.

The government intends to push through the sale of BHN quickly. It hopes to raise more than $3bn, which it plans to use for public works. Mr Roque Fernandez, finance minister, this week denied the government was seeking to use the proceeds for electoral purposes. "We believe selling the bank is a good idea in itself, which will help the housing market and create jobs," he said.

BHN has been profitable since a restructuring in the early 1990s, in which the bank withdrew from the retail mortgage market and cut the workforce by more than half.

New legal hurdles hamper CVRD sell-off, Page 3

# US economy shifts up a gear

Continued from Page 1

investors and the Fed now is whether the economy will slow significantly in the current quarter by itself.

Early indicators suggest the pace of growth slowed a little in April, but remains comfortably above the long-term trend. To-morrow's employment data will give indications of whether the strong demand has led to a further tightening of labour markets.

Investors also took some comfort yesterday from the fact that a big element of the growth spurt in the first quarter came from a build-up in business stocks.

Levels rose by $46.1bn, much more than expected. That suggests there could be a decline in the current quarter which should drag growth back down.

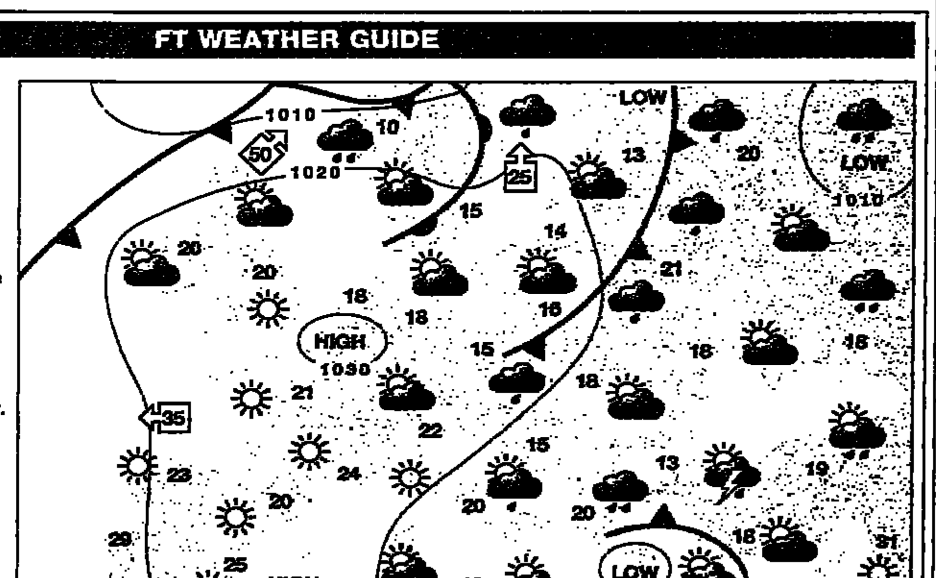
## FT WEATHER GUIDE

### Europe today

Western Europe will have plenty of sun at the start of May.
The south-west will be especially sunny with high temperatures. In Spain, temperatures will be as high as 30C-32C in some places. In the UK, some areas in the east will have temperatures of 24C.
Strong south-westerly winds will keep the western islands chilly and drizzly.
Turkey and south-eastern Europe will be rainy with occasional thunder.
Central Europe, Yugoslavia and Belarus will be cool and cloudy with showers. Northern Europe will become cloudy with rain moving in from the west.

### Five-day forecast

Central and southern Europe will become sunny.
Western areas will have increasingly unsettled conditions but will be warm at first.
Portugal and Spain will become showery.
Scandinavia will turn cold with wintry showers.




Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Maximum | Beijing | sun 28 | Caracas | fair 31 | Faro | sun 28 | Madrid | sun 26 | Rangoon | sun 35 |
| | Celsius | Belfast | fair 20 | Cardiff | sun 19 | Frankfurt | fair 20 | Majorca | sun 21 | Reykjavik | sun 4 |
| Abu Dhabi | sun 33 | Belgrade | cloudy 18 | Casablanca | sun 27 | Geneva | sun 19 | Malta | fair 18 | Rio | fair 28 |
| Accra | fair 31 | Berlin | fair 18 | Chicago | cloudy 14 | Gibraltar | sun 22 | Manchester | fair 21 | Rome | fair 20 |
| Algiers | fair 19 | Bermuda | fair 22 | Cologne | sun 19 | Glasgow | cloudy 18 | Manila | fair 34 | S. Frsco | fair 21 |
| Amsterdam | fair 19 | Bogota | fair 20 | Dakar | sun 26 | Hamburg | fair 17 | Melbourne | fair 26 | Seoul | sun 23 |
| Athens | shower 18 | Bombay | fair 34 | Dallas | sun 27 | Helsinki | fair 11 | Mexico City | sun 27 | Singapore | fair 32 |
| Atlanta | fair 27 | Brussels | sun 19 | Delhi | fair 36 | Hong Kong | cloudy 27 | Miami | fair 31 | Stockholm | cloudy 15 |
| B. Aires | fair 22 | Budapest | shower 18 | Dubai | sun 32 | Honolulu | fair 29 | Milan | fair 20 | Strasbourg | fair 19 |
| B.ham | sun 23 | C.hagen | fair 15 | Dublin | fair 20 | Istanbul | shower 17 | Montreal | rain 15 | Sydney | fair 24 |
| Bangkok | shower 38 | Cairo | sun 31 | Dubrovnik | fair 19 | Jakarta | fair 30 | Moscow | fair 20 | Tangier | sun 28 |
| Barcelona | sun 20 | Cape Town | sun 21 | Edinburgh | cloudy 19 | Jersey | sun 17 | Munich | fair 18 | Tel Aviv | sun 26 |
| | | | | | | Karachi | fair 34 | Nairobi | cloudy 24 | Tokyo | fair 23 |
| | | | | | | Kuwait | sun 33 | Naples | shower 20 | Toronto | rain 14 |
| | | | | | | L. Angeles | fair 22 | Nassau | shower 30 | Vancouver | shower 11 |
| | | | | | | Las Palmas | fair 24 | New York | shower 20 | Venice | fair 19 |
| | | | | | | Lima | sun 25 | Nice | sun 23 | Vienna | cloudy 16 |
| | | | | | | Lisbon | sun 30 | Nicosia | sun 24 | Warsaw | cloudy 14 |
| | | | | | | London | sun 23 | Oslo | cloudy 16 | Washington | thund 24 |
| | | | | | | Lux.bourg | sun 18 | Paris | sun 21 | Wellington | sun 15 |
| | | | | | | Lyon | sun 19 | Perth | shower 20 | Winnipeg | rain 10 |
| | | | | | | Madeira | fair 21 | Prague | fair 16 | Zurich | fair 16 |





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FINANCIAL TIMES
# COMPANIES & MARKETS
©THE FINANCIAL TIMES LIMITED 1997 Thursday May 1 1997 Week 18



IN BRIEF

## Bid plans for Apple dropped

Apple Computer's share price retreated *on news* that Mr Larry Ellison, the California computer *software* billionaire, had dropped plans to mount *a bid for control* of the personal computer company. Page 15

**Goldman Sachs buys Commodities Corp**
Goldman Sachs, the privately held US investment bank, has agreed to buy Commodities Corporation, the asset management subsidiary of Bermuda-based Stockton Holdings. Page 15

**Strong peso hits Mexican exporters**
The relative strength of the Mexican peso has hit profits at some of the country's main exporting companies, according to a series of first-quarter corporate results. Page 15

**GKN to buy Sinter Metals**
GKN, the diversified engineering group, announced plans to create the world's largest producer of powder metals by acquiring Sinter Metals of the US for $570m. Page 17

**Rhône-Poulenc posts stronger sales**
Rhône-Poulenc, one of France's leading chemicals and pharmaceutical companies, announced a first-quarter net profit increase of 6.5 per cent, to FFr674m ($116m) from FFr633m. Page 16

**Activists wreak havoc at BAe meeting**
British Aerospace's annual meeting was disrupted by some 100 peace activists who had bought shares in the company to gain access to the meeting to protest at the company's sales of *Hawk light fighters to Indonesia.* Page 17

**ICI Australia ahead 7% at halfway**
ICI Australia, *the subsidiary of the UK chemicals* group, announced a 7.2 per cent improvement in first-half profits to end-March, to A$110.7m (US$86.4m) after tax. Page 14

**San Paolo expands board to 20**
*Istituto San Paolo di Torino,* Italy's biggest banking group, enlarged its board of directors to 20 to include top representatives of its new core of stable shareholders. Page 16

**Drought threatens peanut crop**
Peanut lovers could face higher retail prices because of a drought in Argentina. Page 20

**Companies in this issue**



**Market Statistics** http://www.FT.com



**Chief price changes yesterday**

| FRANKFURT (DM) | | |
|---|---|---|
| **Rises** | | |
| Aachen Mch Rg | 1550 | + 22 |
| Allianz | 336 | + 12.2 |
| BMW | 1416 | + 43 |
| Linde | 1265 | + 26.5 |
| **Falls** | | |
| GEA Pfd | 590 | – 20 |
| Holzmann | 460.5 | – 3.5 |
| **NEW YORK ($)** | | |
| **Rises** | | |
| Boston Scien | 49¼ | + 6⅛ |
| Green Tree | 30 | + 2⅜ |
| Sinter Metals | 38⅝ | + 9⅝ |
| **Falls** | | |
| Imation Corp | 23⅝ | – 1¼ |
| Jeff Smurfit | 25¼ | – 1⅛ |
| Veritas | 19 | – ⅞ |
| **LONDON (Pence)** | | |
| **Rises** | | |
| APV | 87 | + 16 |
| Boosey & Hwks | 867½ | + 70 |
| GKN | 951 | + 40 |
| **Falls** | | |
| BICC | 230½ | – 17 |
| Caird Energy | 558½ | – 38 |
| Eurotherm | 396½ | – 21 |
| **TORONTO (C$)** | | |
| **Rises** | | |
| Cordiant Res | 13.25 | + 1.25 |
| Plaintree Sys | 8.2 | + 1.2 |
| Southam Inc | 23.25 | + 2.85 |
| **Falls** | | |
| Epitysci Micro | 1.5 | – 0.3 |
| Hemosol | 9.4 | – 0.4 |
| ZCL Composite | 3.0 | – 0.5 |

| PARIS (FFr) | | |
|---|---|---|
| **Rises** | | |
| Air Liquide | 879 | + 14 |
| BIC | 925 | + 43 |
| Gen des Eaux | 813 | + 18 |
| Havas | 437 | + 24.4 |
| SGS Thomson | 450 | + 38 |
| **Falls** | | |
| SLIC | 904 | – 12 |
| **TOKYO (Yen)** | | |
| **Rises** | | |
| Asahi Bank | 777 | + 47 |
| Dai Nip Prntg | 908 | + 26 |
| Mitsukoshi | 705 | + 27 |
| Sapporo Brews | 889 | + 44 |
| Tokai Carbon | 468 | + 35 |
| **Falls** | | |
| Koito Manf | 770 | – 10 |
| **HONG KONG (HK$)** | | |
| **Rises** | | |
| HSBC Hldgs | 196.0 | + 11.0 |
| Hang Seng Bk | 87.25 | + 2.5 |
| New Wld Dev | 44.7 | + 1.8 |
| Shanghai Ind | 43.6 | + 1.3 |
| Sun Hung Kai | 84.0 | + 3.25 |
| **Falls** | | |
| GZI Transport | 4.65 | – 0.22 |
| **BANGKOK (Baht)** | | |
| **Rises** | | |
| Seafresh Inds | 22.25 | + 2.0 |
| Union Bk BKK | 90.0 | + 8.0 |
| Utd Comm | 150.0 | + 12.0 |
| **Falls** | | |
| Land & House | 80.0 | – 8.5 |
| Pacific Ins | 26.0 | – 3.5 |
| Thai Rubber | 34.0 | – 3.25 |

New York and Toronto prices at 12.30pm.

# Andersen partners vote against split

## Option of floating the consultancy arm is discarded

By Jim Kelly, Accountancy Correspondent

*Partners* of Andersen Worldwide, the global accountancy and consultancy empire, yesterday voted overwhelmingly in favour of keeping the organisation together, *discarding* an option of allowing the consultancy arm to split away *and float.*

About 2,500 of its 2,750 partners were in the Palais des Congrès in Paris for the vote which saw 93 per cent in favour of keeping the organisation under a single global umbrella. The organisation provided few details on how it will tackle the tensions which brought partners close to open dissent. *Its fast-growing* consultancy business had sought more power and its accountancy arm had expanded into consultancy.

At the meeting, partners were given details of a wide range of options including flotation of the consultancy arm. Mr Larry Weinbach, chief executive of Andersen Worldwide, said the result of a non-binding vote on splitting the business was flashed up on a *screen – binding votes will follow* by e-mail when partners return home.

"I saw it the same moment as everyone else – there was an enormous round of applause. I declared victory and I declared Andersen 21 [the project to map out the firm's future] over. Then we went on to the rest of the business." Mr Weinbach had fought to keep the organisation – founded in 1913 – in one piece. He pre*dicted Andersen's worldwide* revenues this year would top $11bn – compared to $9.4bn for the year to August 1996.

He said a further 230 partners were expected to join what is the world's largest professional services organisation with 100,000 staff. Mr Weinbach declined to say what would be done to diffuse the row between Arthur Andersen, the audit, tax and business consultancy, and Andersen Consulting, *the management* and IT consultancy.

Andersen Consulting, set up in 1989, is outstripping its sister firm's revenues with a growth rate of 25 per cent. Arthur Andersen – with a growth rate of nearly 12 per cent – is understood to be earning about $500m a year *from consultancy, sometimes* clashing with its sister firm.

Tensions have been developing as the two businesses have grown apart. In 1995 Andersen 21 was set up under Weinbach's leadership.

An early plan to establish *five stand-alone businesses* was rejected.

It is understood measures are to be taken to reform the way the organisations share costs and provide income support to each other. There will also be talks on stopping both firms operating in the same business consultancy market.

Disappointed: Bayer chairman, Manfred Schneider, has pledged action after a fall in pre-tax profits

# Bayer chief warns of possible closures

By Graham Bowley in Frankfurt

Bayer, the German chemicals and pharmaceuticals company, yesterday pledged action, including possible closures, at its lagging chemicals business after it again struck a downbeat note in the outlook for 1997.

Bayer *shares fell more than* 4 per cent after the company unveiled a 5 per cent increase in pre-tax profits to DM1.2bn ($700m) for the first quarter, dashing market expectations of a bigger rise.

Mr Manfred Schneider, chairman, said the trend in the *group's chemicals segment* was "disappointing". The operating profit fell sharply in 1996 and "there was no significant improvement in the first quarter of 1997 either", he said.

"Where we know there is no hope of returning plants to profitability, however hard we try, we will continue to have no option but to close them *down," he said.*

He called for a "whole series of measures", including "improving processes, containing costs, transferring activities to separate legal entities or even discontinuing certain operations".

Sales increased 8 per cent to *DM13.2bn in the first quarter,* boosted by the D-Mark's decline against the dollar. Growth was driven by the group's healthcare, agriculture and polymers units.

But intense competitive pressures meant average prices fell 2 per cent compared with the same period last year. The favourable exchange rate *accounted for DM600m* Without this, sales growth in local currency terms was 3.5 per cent.

Mr Schneider said: "Our target for 1997 is to exceed DM50bn in sales and at least match last year's earnings." In 1996, the group recorded a 7 *per cent increase in pre-tax* income to DM4.46bn and sales of DM48.6bn.

But analysts said Bayer was giving a conservative estimate of its prospects. "Most analysts have double-digit earnings growth pencilled in for 1997," said Mr Michael Stone, European chemicals analyst at Deutsche Morgan Grenfell in *London.*

The shares closed down DM2.96 at DM67.24. "This is the first time in a while that the share price has been below that of BASF, which is significant," said Mr Stone.

Lex, Page 12

# Du Pont raises first quarter payout by 11%

## Chemicals group in line with IBM and Exxon over dividends

By Richard Waters in New York

Du Pont, the US's biggest chemicals company, raised its quarterly dividend by 11 per *cent yesterday, the latest in a* string of large increases from American companies in recent weeks.

The move came a day after International Business Machines surprised Wall Street with a 14 per cent increase in its quarterly dividend, to 40 cents a share.

That action, and an increase *in the amount of money IBM* has earmarked to buy back its own stock, helped lift the company's share price by more than 6 per cent over the past two days.

Mr John Krol, chief executive of Du Pont, said the divi*dend increase, along* with a two-for-one share split, was meant to "underscore the board's confidence" in the company's future performance.

A third company in the Dow Jones Industrial Average, Exxon, also raised its dividend yesterday, *though by a more* modest 4 per cent.

Despite this year's bigger *pay-outs, the dividend yield on* stocks in the Standard & Poor's 500 index remains just below 2 per cent, barely half its long-term average, due to the stock market's strong advance. Few Wall Street analysts now attempt to justify the level of US share prices by the level of company dividends. In addition, corporate America's cash balances have continued to grow this year even though many companies have also increased the pace at *which they buy back their own* shares - a popular way of using excess cash.

Despite large increases, the average US industrial company has seen a steady rise in its liquidity during the country's long, steady economic expansion of the 1990s.

Cash now amounts to around 5.5 per cent of total *assets,* up from 4 per cent early in the decade, said Mr Richard Bernstein, a quantitative investment analyst at Merrill Lynch. However, this is still well below the 7.5 per cent level hit at the last peak in 1987.

*The problem faced by many* US companies at this late stage in the economic cycle has been finding projects in which to invest which promise a satisfactory rate of return, added Mr Bernstein. "You end up with cash coming in the door, and not enough to do with it," he said. "It's a typical end-of-cycle thing."

*As at IBM, it is often the* optimistic signals companies try to send through dividend increases, rather than the higher cash payments in themselves, that has lifted Wall Street's enthusiasm.

Wall Street, Pages 28-29

# Black bids $660m for Southam

By Bernard Simon in Toronto

Mr Conrad Black's Hollinger publishing group has offered C$923m ($660m) in cash and shares for the 49.5 per cent it does not already own of Southam, Canada's biggest newspaper chain.

The decision appears to be aimed at gaining *access to* Southam's cash flow, which has benefited from cost-cutting measures imposed by Hollinger since it acquired control last year.

Hollinger bought out minority shareholders of the UK Telegraph group a year ago. Mr Black indicated in Hollinger's latest annual *report* that a buy-out of Southam minorities was also on the cards, provided it did not compromise the debt-equity ratio of Hollinger International, the group's 51 per cent-owned, US-based investment vehicle.

Southam's minority shares are widely held. According to one member of the Southam family, which formerly controlled the company, several *dozen family members now* have a combined stake of less than 10 per cent.

Hollinger *International* has offered C$23.50 per Southam share, including C$13.50 in cash and C$10 in non-voting special shares.

The special shares would be automatically exchanged after three years into Hollinger International common shares. But Hollinger would have the option of paying C$12.31 cash per special share.

Southam shares climbed C$2.70 to C$23.10 in Toronto after the bid was announced

The cash component of the bid, totalling C$530m, will be financed from existing bank facilities. Hollinger sold a 25 per cent stake last year in Australia's John Fairfax newspaper *group for C$600m,* recording a capital gain of C$350m.

*Hollinger's share of* Southam's 1996 earnings, before unusual items, was C$32.8m, up from C$7.2m the previous year.

Southam's 32 titles, with a circulation of about 1.6m, include the biggest dailies in Vancouver, Calgary and Ottawa, as well as Montreal's main English-language paper.

# Nissan seeks to boost sales by launching more RVs

By Michiyo Nakamoto in Tokyo

Nissan, Japan's second largest carmaker, plans to increase its *share* of the domestic market for recreational vehicles from 38 to 50 per cent by 2000 in an attempt to improve sagging sales of all vehicles.

RVs are multi-purpose vehicles, some with four-wheel-drive, others with seven or more seats, with a *strong* lifestyle image. Nissan said it was launching six RVs this year in an attempt to increase its domestic market share from 20.3 per cent to 25 per cent. The models include a 2,000cc mini-van and a stationwagon based on the luxury Cefiro model.

RVs have been very popular in Japan and account for about 45 per cent of vehicle sales. Nissan's lack of RV models has been blamed for a disappointing recent performance.

Analysts were cautious about Nissan's latest strategy to increase its ratio of RVs in line with the market trend. *"It's more of a catch-up strategy* that is risky in many ways," said Mr Christopher Redl of ING Barings in Tokyo.

Of eight models Nissan plans *to launch, four are expected* to be stationwagons. The stationwagon market has grown strongly, but there are likely to be about 42 different models available to consumers this year, including imports, Mr Redl notes.

Stationwagons also tend to eat into sales of Nissan's mainline sedans, analysts say. Most buyers of the Stagea, Nissan's most popular stationwagon, have switched from other Nissan cars.

*Honda's market share* in Japan has surged on the back of strong RV sales and Japanese carmakers have launched increasingly unusual vehicles.

*Honda, which commands* between 60 and 70 per cent of the RV market, has launched the SM-X, a boxy minivan which has seats that fold down *to create a bed. Mazda* has the Bongo Friendee, a van with a ceiling that opens for a tent-like environment.

Analysts are concerned that Nissan is increasing capital spending when most of its main markets approach the end of a growth period. Capital spending this year is forecast to rise 25 per cent to Y80bn ($634m) from Y64bn last year.

# ICI Australia ahead 7% at halfway

By Nikki Tait in Sydney

ICI Australia, the subsidiary of the UK chemicals group, yesterday announced a 7.2 per cent improvement in first-half profits to end-March, to A$110.7m (US$86.4m) after tax.

Sales were flat at A$1.69bn. The company, which is listed on the Australian Stock Exchange, said this reflected a gain of about 3 per cent in volume terms combined with a similar decline in pricing.

Earnings per share improved from 34.8 cents before abnormal items a year earlier to 37.3 cents.

Mr Warren Haynes, managing director, described the period as "tough", saying that relatively slow growth in the domestic economy and a strong Australian dollar had resulted in pressure on margins.

The profits improvement was largely due to productivity gains arising partly from restructuring moves and better plant management, he added.

The problems were felt most most acutely in the chemicals division, which saw operating profits before tax decline from A$57m to A$42m. ICI reported "extreme" pressure on some prices and slower demand in many areas.

The plastics arm lifted its contribution to profits from A$8m to A$12m. Prices in the division also came under pressure, although Mr Haynes reported a tentative recovery in the most recent two months.

The mining services unit fared better, contributing A$53m against A$39m, while the consumer products division turned in A$40m, up from A$23m.

ICI said the first-half improvement would stretch into the second half, although it stressed that the advance would depend on how rapidly the Australian economy picked up.

Mr Haynes said the upturn in economic activity was "still sporadic", adding that the company was negotiating a number of possible acquisitions in Asia and hoped to make an announcement in the next few months. The amount invested would be less than A$50m, he added.

● ICI India aims to lift sales from Rs5.97bn in 1995-96 to Rs50bn ($1.40bn) by 2005, according to Mr Aditya Narayan, managing director, writes Kunal Bose in Calcutta.

He said the company would need to invest nearly Rs11bn in the next few years to achieve the sales target.

The Indian subsidiary would get "all kinds of support from ICI to expand business", he said. "India figures prominently in ICI's global scheme of things."

ICI India has restructured its businesses, including the sale of fertiliser and fibre factories and staff cuts in overmanned divisions.

# BHP shake-up makes friends and enemies

## The overhaul of the Australian group's steel business has angered workers but pleased investors

The investment community sighed with relief when Australia's Broken Hill Proprietary announced an overhaul of its underperforming steel division this week. Shares in the resources group, Australia's largest company, surged 48 cents to A$17.86 on Tuesday, and added a further 21.5 cents yesterday.

This reaction contrasted sharply with the outcry from politicians, employees and union leaders at the news that 2,500 steelworkers would be made redundant. Labor, Australia's main opposition party, quickly called on the federal government to intervene and urge a reversal of BHP's decision to close its Newcastle steelworks by 1999.

Yesterday, Mr John Howard, prime minister, responded by committing to a joint package with the local state government, designed to retrain the steelworkers.

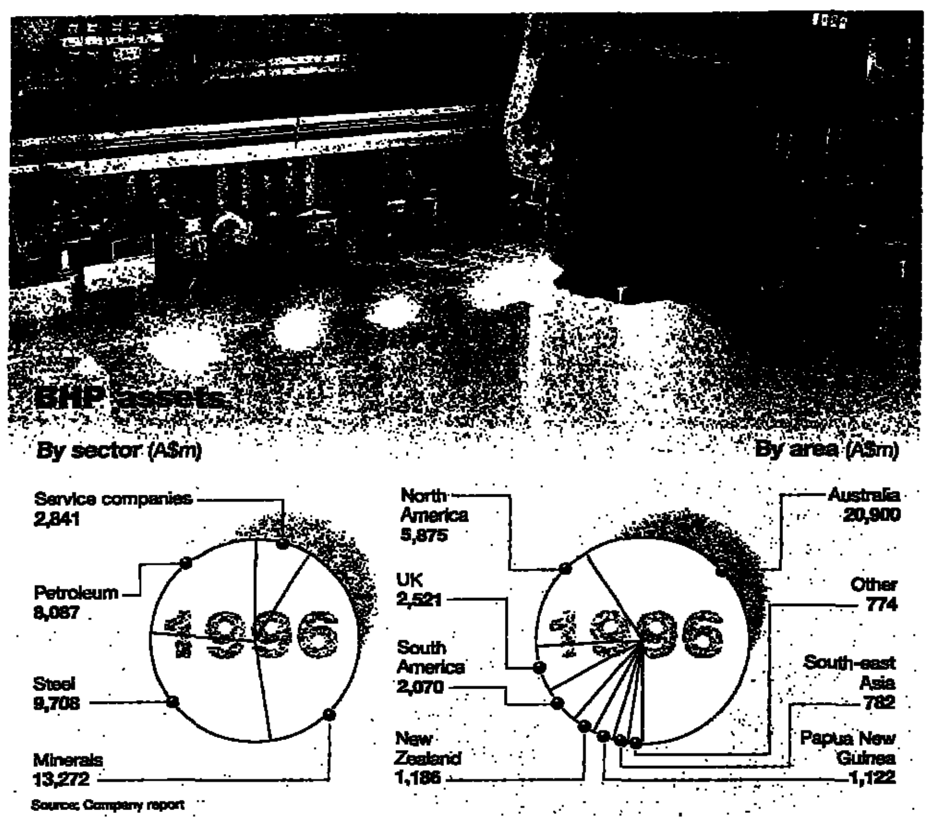
BHP will know tomorrow if it faces industrial action over the job losses as employees will vote on strike action at a mass meeting.

The response of the market seemed to reflect relief that the company has finally acted.

A decision to accelerate Newcastle's closure had been likely since BHP first subjected its steel division to an internal review last year. Relevant assets had already been written down to zero.

How quickly the restructuring will deliver benefits is another matter. BHP's main problem is that the profits in its steel division have become highly cyclical, swinging from more than A$600m (US$468m) a year to less than A$200m several times in the past decade.

This reflects a cost base that does not allow the company, 15th in the league table of international steelmakers, to compete effectively when excess steel comes on to world markets.




Because steelmaking technology has changed and less capital-intensive "electric arc" furnaces have proliferated, BHP's older-style integrated steelworks have struggled to keep pace.

Mr Ron McNeilly, head of the steel division, said Japanese steelmakers and Korea's Posco achieved productivity at or close to 1,000 tonnes an employee a year. BHP, with a good deal of co-operation from its workforce, has lifted its own game substantially, but still manages only 700 tonnes.

Mr McNeilly says the steel overhaul will need to take "considerably more" than A$500m out of the division's annual cost base.

Analysts think BHP may be aiming closer to A$700m, and that perhaps 8,000 jobs – or one-third of the division's workforce – may be lost over the next 15 years.

The company has already hinted that its Australasian steelmaking activities might ultimately consist only of Port Kembla, south of Sydney. That would contrast with the four plants it operates now – at Newcastle, Whyalla in South Australia, Port Kembla, and Glenbrook in New Zealand.

Much of this, though, is for the future, with benefits to profits expected after 1999.

Mr David George, analyst at ANZ McCaughan, thinks that a second reason for the strong share price reaction was that BHP's restructuring plan included a downsizing of its steel division's head office. These cost-savings should flow fairly quickly and have a more immediate impact on profits.

A third, and more fundamental, reason for investors' new-found enthusiasm may have been that BHP emphasised that the steel division's overhaul came from a broader rethink.

"[This] is part of a fuller set of strategies being developed by BHP," said Mr John Prescott, managing director. "The thrust is to concentrate around our best-performing businesses". BHP, he added, was "addressing all 90 asset bases as individual businesses".

To an extent, this process has already been evident. The company has been pruning its portfolio of petroleum assets, another of its weaker divisions, for more than a year. A few assets within its minerals division – such as the Mali-based Syama gold mine – have also been sold.

Some investors have been sceptical about the speed of progress in overhauling the copper division. Initial results from US-based Magma Copper – bought for US$2.4bn in early 1996 – were disappointing, and the drive for cost savings has flagged.

Analysts said yesterday that Mr Prescott's careful emphasis might have soothed a few nerves on this score.

It certainly raised hopes that BHP would finally shed its 36 per cent stake in Foster's, the Melbourne-based brewery group, in the near future. Asked if a much-rumoured deal was imminent, Mr Prescott declined to comment.

But analysts note that the Magma deal took BHP's gearing up to about 40 per cent. If the stake in Foster's – worth around A$1.7bn – were sold, debt levels would fall significantly.

That, in turn, could help "position the group for the next phase of growth".

**Nikki Tait**

## ASIA-PACIFIC NEWS DIGEST

### HDFC rise in line with expectations

Housing Development Finance Corp, India's largest provider of housing finance, lifted its net profit in the year to March by 26 per cent from Rs1.95bn to Rs2.47bn ($70.5m).

Analysts said HDFC, widely-regarded as one of the best managed companies in India, performed strongly in 1996-97 although the results were largely in line with expectations.

Despite a slowdown in overall credit growth in the country, the HDFC lifted outstanding loans 20 per cent from Rs47.4bn to Rs57.09bn. Total income rose 28.8 per cent from Rs9.82bn to Rs12.65bn.

Mr Rajeev Varma, analyst with brokers W.I. Carr, said the performance indicated a strong consistency in housing finance growth in India.

He added that this was likely to continue, with only about 25 per cent of Indian home purchases currently financed through formal loans.

The board of HDFC also approved an increase in the ceiling on foreign investment in the company's shares from 24 per cent to 30 per cent of its equity, as recently allowed by the Indian government.

A dividend of Rs4.5 was declared, compared with Rs3.7 last year. *Tony Tassell, Bombay*

### AMP on course for flotation

The AMP Society, Australia's largest life assurer, told policyholder-members yesterday that it remained on target to list on the stock exchange in the second half of 1998, assuming they approve its plan to "demutualise".

The company told members at its annual meeting that it was developing an explanatory memorandum, which it hoped to distribute later this year. It also indicated that it would be meeting next week with the Reserve Bank, Australia's central monetary authority, to discuss a possible application for a banking licence.

*Nikki Tait, Sydney*

### Sumitomo Metal scraps unit

Sumitomo Metal Industries has decided to scrap its medicine division and withdraw from the medicine development business.

The Osaka-based company set up the division in 1992 as part of its biomedical department and tried to develop new medicines for diseases such as diabetes.

But the division had not achieved good results in recent years, the company said.

It said the division's facilities, in western Japan, would be newly established as a research centre for environmental and energy studies. *Kyodo, Japan*

### MobileOne threat dismissed

The head of Singapore Telecom Mobile, the former mobile phone monopoly, dismissed news that MobileOne, its main rival, had snatched 10 per cent of the market in only three weeks.

"We believe that many of these were trial users who had signed on with [MobileOne] as early as December last year and were attracted by various freebies and giveaways," said Mr Lung Chien Ping. Shares in SingTel hit an all-time low of S$2.35 on Tuesday but recovered yesterday to S$2.44. *Reuter, Singapore*

*Comments and press releases about international companies coverage can be sent by e-mail to international.companies@ft.com*

# Disposals lift Bakrie to Rp62.2bn

By Manuela Saragosa in Jakarta

Bakrie & Brothers, the Indonesian infrastructure-to-plantations conglomerate, said net income rose 56 per cent in 1996, buoyed by a one-time gain from the sale of land assets.

A Rp62.2bn ($25.5m) net capital gain from the sale of 33 hectares of land outside Jakarta ensured higher net profit growth in 1996 than in 1995, but raised concerns that there was little earnings growth within the conglomerate's divisions.

Net income rose from Rp120.02bn to Rp187.05bn last year, on revenues up 24.4 per cent at Rp1,571bn. Operating profit increased 29.2 per cent to Rp245.2bn.

Revenues from telecommunications rose 71 per cent year-on-year, while strong demand for building materials boosted revenues at its infrastructure support unit by 34.8 per cent. However, revenues at Bakrie & Brothers' plantation and strategic investment divisions were flat.

The company is expected to make big investments in its overseas activities this year, including a number of telecommunication projects in Uzbekistan. This has added to concerns over the company's increasing net gearing, which stood at 100.3 per cent in 1995 and rose to 122 per cent in 1997.

"The overseas projects definitely carry more risk," said Mr Ashok Mundra, senior analyst at Schroders Indonesia.

However, support is expected from Bakrie & Brothers' sale earlier this year of its indirect stake in Freeport Indonesia, a subsidiary of the New Orleans-based copper and gold mining group.

An investment company linked to President Suharto paid US$302.7m for Bakrie & Brothers' 49 per cent stake in Indocopper Investama Corporation, whose principal asset was a 9.36 per cent stake in Freeport Indonesia.

Bakrie & Brothers said this was expected to provide a one-time Rp134bn capital gain this year, contributing to a forecast Rp56bn in interest income for 1997.

● Net income at Citra Marga Nusaphala Persada, the Indonesian toll-road builder controlled by President Suharto's eldest daughter, rose 31 per cent as the completion of its harbour toll road in Jakarta contributed to rising traffic volumes on the company's roads.

Citra Marga said net income totalled Rp123.6bn last year on sales which climbed 43 per cent to Rp220bn.

Higher-than-expected growth in traffic volume is expected to continue after growing 16 per cent in the first quarter. Many analysts had expected growth of not more than 10 per cent.

# Grasim decline much steeper than expected

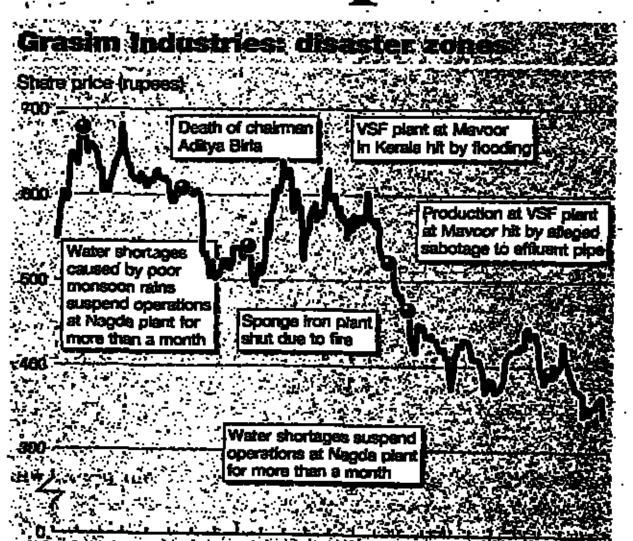
By Tony Tassell in Bombay

Grasim Industries, the textiles-to-cement flagship of India's Aditya Birla industrial group, has reported a worse-than-expected fall in profits for the year to March.

Grasim's net profit fell 17.2 per cent from Rs3.31bn to Rs2.74bn ($78.3m), well below market expectations of about Rs3bn.

The fall is likely to deliver a further blow to sentiment surrounding the company, which has been hit by mishaps and production problems over the past two years.

"The results are disastrous. They are much worse than expected," said Mr Vivek Jasuja, analyst with brokers SSKI Securities.




Mr Jasuja added that the headline net profit would have been even lower but for undisclosed gains on the sale of shares in Indian Rayon to Hindalco Industries, both Birla group companies. Mr Jasuja estimated these gains amounted to about Rs450m.

The run of problems for Grasim started around October 1995 with the death of the Birla group chairman, Aditya Birla, at the age of 52. Mr Birla was widely considered to be one of India's brightest businessmen and was a champion of economic liberalisation.

His son and successor, Mr Kumarmangalam Birla, has had to tackle a host of problems which led many analysts to wonder whether Grasim was jinxed or accident-prone. Analysts said these included a fire at its sponge iron factory, and the suspension of operations at one plant because of water shortages while another was hit by flooding.

The group has also been hit by alleged sabotage, production stoppages caused by power shortages, lack of railway wagons, weaker prices for its main products and an oversupply of cement.

Mr Jasuja said the problems cast Grasim management "in a negative light".

"As a commodity conglomerate, Grasim's competitive strengths should lie in its ability to choose good projects, commission them on time and within costs and run plants efficiently. Management scores poorly on all these counts over the last few years," he said.

Investors have also been concerned about a possible equity dilution from a planned $125m GDR issue, which would be the third international equity offering by the company.

The issue has since been postponed indefinitely after a slump in Grasim's share price. The stock has fallen from a 52-week high of Rs660 to Rs342.25 yesterday.

Mr Nilesh Shah, analyst with W.I. Carr, said he expected earnings downgrades for the company in 1997-98. However, Grasim said it expected a better performance as a result of cost cuts, volume increases and efforts to tackle "infrastructural contingencies".

# Ellison pulls plans to bid for Apple

By Louise Kehoe in San Francisco

Apple Computer's share price retreated yesterday, on news that Mr Larry Ellison, the computer software billionaire, had dropped plans to bid for control of the personal computer company.

Apple was down 4.5 per cent at $16⅞ in early trading as investors reacted to a statement issued by Mr Ellison after the close of US markets on Tuesday.

He said he had decided not to pursue any transaction involving Apple or otherwise to seek control of the personal computer company, "at least for the time being".

Mr Ellison said he remained "interested in developments at Apple" and "may well purchase stock for investment purposes or otherwise, or revisit in the future his decision regarding an acquisition or control".

As chairman of Oracle, the leading developer of database management software, Mr Ellison is a prominent figure in the industry. He is also reputed to be one of the richest individuals in the state of California, with a net worth of more than $6bn.

For several weeks, he had captured attention with repeated comments about a possible bid for Apple. He had said he was bringing together a group of investors to acquire a controlling stake. He had also criticised Mr Gil Amelio, Apple chairman and chief executive, whom he said should be replaced.

The careful wording of Mr Ellison's latest statement, in contrast to his earlier rhetoric, raised speculation that concern about securities laws may have prompted him to clarify his intentions toward Apple. But Mr Ellison declined to comment beyond his statement.

Apple refused to comment directly on Mr Ellison's statement, but said it had a "clearly articulated strategy and a detailed plan to return ... to profitability."

Mr Amelio's strategies of refocusing the company on key markets and updating its software are beginning to pay off, said Mr Tim Bajarin, president of Creative Strategies, an industry consultant. Still, he gave Apple only a "50-50" chance of survival.

Apple must win the support of application software developers, he said. Apple's software developers conference, to be held next month in California, will mark an "extremely critical" juncture for the company, he said.

# Stronger peso hits Mexican exporters

By Daniel Dombey

The relative strength of the Mexican peso has hit profits at some of the country's main exporters, according to first-quarter results. But stirrings of recovery in the domestic economy have boosted results in Mexico's consumer sector.

"We are concerned about a slowdown on the export side in Mexico when the domestic side is not so strong," said Mr Alan Livsey, head of Latin American research at Dresdner Kleinwort Benson in London.

The country's biggest private company, former telecommunications monopoly Teléfonos de México (Telmex), has been among those affected by the stronger peso, but has been most hit by Mexico's continuing telecoms liberalisation.

For the first quarter, Telmex's net income slumped 26 per cent compared with the same period last year, to 3.2bn pesos ($400m), largely because of reduced financial income. Revenues were hit by price cuts in the long distance sector, where several new entrants are challenging Telmex. Sales were down 1 per cent at 13bn pesos.

The recent real appreciation of the peso meant that while Cemex, the world's third largest cement manufacturer, which has more than half its operations outside Mexico, increased revenues 2.5 per cent to 6.2bn pesos for the quarter, its operating profits were 6 per cent down year-on-year at 1.435bn pesos and net profits of 1.3bn pesos were less than half the year-ago figure.

Grupo Alfa, a conglomerate which specialises in steel and petrochemicals, reported first-quarter sales down 9 per cent year-on-year to 7.1bn pesos, although revenues increased in dollar terms. But Grupo Desc, another industrial conglomerate, improved sales 3.2 per cent to 3.3bn pesos, aided by strong exports of car parts.

In the domestic sector, Femsa, Mexico's biggest beverage maker, increased revenues 7 per cent to 5bn pesos for the first quarter, while operating profits jumped 70 per cent to 485m pesos. Its rival brewer Grupo Modelo managed a 14 per cent rise in operating profits to 609m pesos, off revenues down 2.5 per cent at 3bn pesos.

The retail sector also improved, with operating results up on last year's weak performances at Comercial Mexicana, Gigante and Soriana. However, Grupo Cifra, the sector's biggest company, had a 7.2 per cent dip in operating profits, to 284m pesos, while sales fell 1.8 per cent to 6bn pesos.

Retail's recovery seems definite but slight, with some figures still indicating a year-on-year fall in sales.

Construction groups recorded poor results for the quarter, with profits sharply down at Empresas ICA, Grupo Mexicano de Desarrollo and Grupo Tribasa.

# Goldman buys asset manager

By Tracy Corrigan in New York

Goldman Sachs, the privately-held US investment bank, has agreed to buy Commodities Corporation, the asset management subsidiary of Bermuda-based Stockton Holdings, its third acquisition of an asset management business in the past year.

Goldman is believed to be paying about $100m for Commodities Corp. Goldman Sachs Asset Management, the bank's investment management arm, currently has $110bn of assets under management. Although Commodities Corp will add only a further $1.8bn to the pot, Mr John McNulty, joint chief executive officer of Goldman Sachs Asset Management, said the acquisition would bring "a small amount of assets but a large amount of expertise".

Commodities Corp was founded in 1969 by a group including Nobel Laureate Mr Paul Samuelson to invest its own capital in the futures markets – a business known in the financial industry as managed futures, but now usually considered part of the hedge fund industry. It also manages money for institutions and wealthy individuals in both US and offshore funds.

Some of the best known hedge fund managers, including Mr Lewis Bacon, Mr Bruce Kovner and Mr Paul Tudor Jones, once worked there. Despite its title, Commodities Corp is active in a wide range of markets, including bonds, metals, oil, equities and agricultural products, largely through the futures markets.

The acquisition is unusual because hedge funds and futures funds have typically been small privately-held ventures, often set up by former traders at investment banks but rarely operated under the auspices of the big Wall Street firms.

# Canada climbs ranks of world aerospace

## Industry has benefited from a combination of government policies and private-sector initiative

Canada was for years a little-noticed blip in the global aerospace industry. Its two small airframe makers, Canadair and de Havilland, were ailing. Parts factories, mostly owned by foreigners, attracted little investment.

In the past decade, however, has propelled Canada into the top echelons of world aerospace.

Bell Helicopter Textron's factory near Montreal, opened in 1984, now produces half the world's commercial turbine helicopters.

Montreal-based Bombardier has grown into the world's fourth biggest airframe maker since it entered the business in 1986 by buying Canadair, then a maker of business jets and amphibious aircraft. It boasts a 42 per cent share of the commuter aircraft market.

Meanwhile, Toronto-based CAE has garnered three-quarters of the market for commercial flight simulators, while Pratt & Whitney Canada's plant in Montreal makes a third of all small aircraft turbine engines.

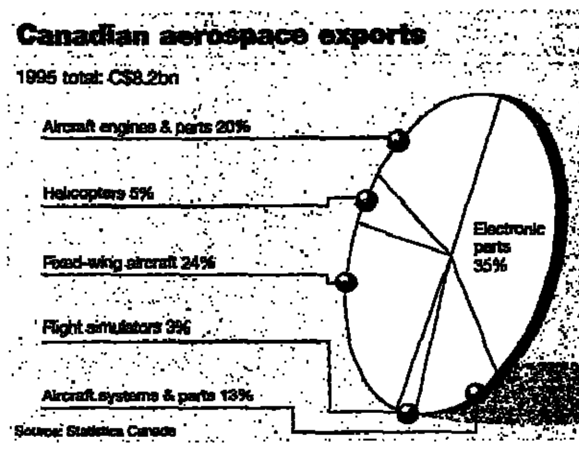
The Canadian industry, with sales of C$12.5bn (US$8.94bn) last year and about 59,200 employees, is in sixth place worldwide.

Moreover, Mr Peter Smith, president of the Aerospace Industries Association of Canada, predicts that, "unless there's a real upturn in Germany and Japan, we feel very confident that we'll go from sixth to fourth."

Canadian companies also supply a substantial amount of landing gear for large jets, and aircraft heating, cooling and pressurisation systems.

According to Mr Bob Waite, vice-president at CAE, "Canada is a very good place to do business from." CAE has expanded its Montreal simulator plant twice in the past five years, adding about 500 employees. It has also co-operated with Bombardier in building a C$100m pilot training centre.

Several foreign companies have made investments in Canada recently. AlliedSignal, the US-based conglomerate, moved a plant making aircraft power management systems, from North Carolina to Toronto two years ago. France's Sextant has set up a cockpit panel facility in Montreal.




Source: Statistics Canada

Mr Waite cites the relatively cheap Canadian dollar (presently at 71.5 US cents), a skilled workforce, and Canada's wide acceptability as a trading partner as reasons for the move.

Exports make up almost three-quarters of the industry's sales.

CAE has won sizeable contracts in China. It is also a supplier to the armed forces of the UK, Australia and Malaysia.

The Canadian industry has had a relatively low exposure to military contracts, making it less vulnerable to cuts in defence budgets than its counterparts in many other countries. Military orders make up about 22 per cent of the total. The AIAC's Mr Smith predicts the figure will drop to 15 per cent by the end of the decade.

Many aerospace executives single out a government programme known as Technology Partnerships Canada as an important incentive for investment.

The fund, set up in 1996, makes available "repayable grants" to technology companies. The grants are paid back out of royalties. If the product flops, the advance is written off.

The aerospace sector has been by far the biggest beneficiary of TPC support.

For instance, the fund has advanced C$87m to Bombardier to develop a 70-seat version of its popular regional jet. Royalty payments will start once Bombardier sells 200 of the new aircraft.

In spite of its recent successes, the Canadian industry remains vulnerable to forces beyond its control.

Mr Smith says a renewed drive for independence by Quebec separatists could seriously affect the industry, which is largely based around Montreal.

The industry also receives substantial benefits from federal programmes and regulations, such as the North American Free Trade Agreement, the Technology Partnerships fund, Team Canada trade missions and product certifications.

Mergers and takeovers among foreign parent companies could spur rationalisation in Canada.

Eyes are on Boeing and McDonnell Douglas, as they merge. The companies' three plants in Canada – including Boeing's only two factories outside the US – may not all survive.

But the growth of the past few years shows no sign of slowing.

New products – such as Bombardier's new regional jet, an advanced version of the de Havilland Dash-8 turboprop, and Canadair's long-haul Global Express business jet – have helped keep spirits high.

**Bernard Simon**

# San Paolo expands board to 20

By Paul Betts in Milan

Istituto San Paolo di Torino, Italy's biggest banking group, yesterday enlarged its board to include top representatives of its new core of stable shareholders.

The move, which is part of the bank's privatisation process, will involve seven new members joining the enlarged 20-man board. They include Mr Rainer Masera, chief executive of the IMI credit institute; Mr Gabriele Galateri, chief executive of the Agnelli family's Ifi holding company; Mr Cesare Ferrero, representing Fiat interests; as well as representatives from Banco Santander, Banca Monte dei Paschi di Siena and the Reale Mutua insurance group.

The seventh new member is Mr Luigi Maranzana, the bank's managing director.

To make way for the new members, Mr Dario Pasqua, chief executive, and Mr Alfonso Iozzo, a member of the bank's executive committee, both resigned yesterday.

Mr Pasqua denied suggestions of conflicts with the new shareholders, while the bank described his resignation as "a courtesy". A new chief executive is expected to be appointed early next week.

The new stable shareholding base controls about 28 per cent of the group's voting capital. With the equity public offering on May 8, the group is now about to embark on the final stage of its privatisation.

This will involve a public share offer expected to be launched on May 19 and closing on May 23, with a tranche reserved for institutional investors. The Ina insurance group, the Franco-Belgian Dexia credit institute and the Hannover insurance group have already agreed to buy a 1 per cent stake each.

The bank is expected to announce the size of the public offering on May 8. The overall amount, including the tranche for institutional investors, is expected to be about 22-23 per cent. The price of the offering will be announced later, but analysts expect it to be between L10,000 and L11,500 a share.

The overall capitalisation of the bank is put at about L10,000bn ($5.85bn) and 35 per cent of outstanding shares are already floating in the market.

At the end of the privatisation process, the charitable foundation which currently controls the bank will see its stake fall to about 20 per cent. However, it has pledged to retain only 5 per cent of voting rights.

Mr Gianni Zandano, the bank's chairman, yesterday also confirmed at the annual meeting that there would be no special pacts between core shareholders.

# Anglo's anger over Brussels block

## SA group sees Lonrho ruling as an omen for other international groups

Julian Ogilvie Thompson, chairman of Anglo American Corporation, makes no attempt to hide his anger at the way the European Commission has treated South Africa's biggest group. "I have no doubt that the Commission has gone well beyond its legal rights," he says. "It has imposed restrictions that are effectively making new law."

He suggests this is not just a local difficulty for Anglo but should be a warning to other international corporations. They are likely to run foul of the Commission even if they are domiciled outside the European Union.

He points to the way the Commission is intervening in the proposed merger of Boeing and McDonnell Douglas, which would create the world's biggest aerospace and defence group. Mr Karel Van Miert, competition commissioner, said he had the power to ask for changes to this all-US deal, or even block it if he judged it would harm competition inside the EU.

What worried Mr Van Miert in Anglo's case was its domination of world platinum production. Platinum is an essential material in some catalysts, including some used by the chemical, oil and automotive industries. Anglo already has a firm grip on Rustenburg, of South Africa, the biggest producer with about 38 per cent of the market, and came under the Commission's scrutiny because it bought a 27.5 per cent stake in Lonrho, the UK-based conglomerate that includes South African platinum operations.

The Commission has given Anglo two years to cut its Lonrho holding to 9.99 per cent unless the platinum interests are disposed of. Meanwhile, the stake to be sold is to be held by a Commission-approved trustee. This is the first time the Commission has sought the transfer and possible disposal of shares in a quoted company to address concerns about competition.

Head to head: Karel Van Miert (left), EU competition commissioner, and Julian Ogilvie Thompson, Anglo chairman

If the Commission did overstep the mark, why is Anglo not challenging the decision in the courts? Mr Ogilvie Thompson says: "I feel the Commission would have liked to have gone to court to see where it stood. But for us to go to court would have cost a great deal of legal and management time."

Some analysts suggest that Anglo would also prefer to avoid public scrutiny of the way it dominates the platinum market via a complex web of cross-holdings.

At first sight it appears that Anglo was wrong-footed when it was persuaded to buy the Lonrho shares from Mr Dieter Bock, Lonrho's former chief executive. Last October, Mr Bock exercised a call option to sell 18.3 per cent of Lonrho to Anglo for £257m ($416m) before resigning from Lonrho to concentrate on his property interests. Anglo has since seen the value of its holding drop by about 25 per cent.

Anglo's critics suggest it must have been aware the Commission was likely to block the deal. In October, the Commission stopped a merger of the Lonrho platinum operations with those owned by Gencor, another South African group. Mr Van Miert also warned Anglo it was treading on thin ice when it bought 9 per cent of Lonrho last March.

Mr Ogilvie Thompson will have none of this. "I don't regret for a moment buying the Lonrho shares," he says. Anglo certainly knew the Commission would take exception to it getting too close to Lonrho's platinum interests, because the Commission had made its views clear in 1988, during the bid battle for Consolidated Gold Fields by Minorco, Anglo's offshore subsidiary.

But the main attraction of Lonrho for Anglo is the UK group's 32 per cent stake in Ashanti Goldfields of Ghana, the biggest African gold producer outside of South Africa.

Mr Ogilvie Thompson says Anglo was close to agreement with the Commission about "ring-fencing" Lonrho's platinum interests and excluding the South African group from boardroom decisions affecting them. But when Mr Bock exercised his option to sell the rest of his shares, the Commission withdrew from the negotiations and started its investigation.

Anglo had hoped that Mr Bock's plans to sell some of Lonrho's assets and split the company into two quoted concerns would have removed the platinum problem before it acquired his shares. However, Mr Bock had a different agenda.

Mr Ogilvie Thompson complains that the Commission "moved the goal posts" during its investigation. Initially, the Commission was going to investigate whether Anglo would have a "decisive" influence at Lonrho – defined as half the normal vote at Lonrho's annual meetings. Mr Ogilvie Thompson suggests that, when it became clear that the Anglo holding fell below that level, the Commission changed the terms and looked instead to see if Anglo had a "significant" influence.

But he remains convinced that matters will be resolved within the two-year limit set by the Commission. For one, Gencor should have completed its challenge to the Commission's ruling blocking the merger of its platinum assets with those of Lonrho. "And we are working on ideas of our own," he says. But, he stresses, none of those includes making an offer for the rest of the Lonrho shares.

**Kenneth Gooding**

> 'The Commission has gone well beyond its legal rights. It has imposed restrictions that are effectively making new law.' Julian Ogilvie Thompson

# French drugs group profits up 6.5%

By Our Financial Staff

Rhône-Poulenc, one of France's leading chemical and pharmaceutical companies, yesterday unveiled first-quarter net profits up by 6.5 per cent, to FFr674m ($116m) from FFr633m, which it attributed to stronger sales of new products and a fall in interest charges.

Earnings per share rose 4.1 per cent to FFr2.05 from FFr1.97 for the same period a year earlier. Sales for the quarter rose 2.2 per cent, to FFr21.6bn from FFr21.13bn, on strong growth in vaccines and new products.

"The new products launched in the life science businesses are contributing more and more significantly to the group's results," Mr Jean-Rene Fourtou, chairman, said.

Analysts said the strong sales reflected Rhône-Poulenc's increasing emphasis on life sciences – pharmaceuticals, animal healthcare and agrochemicals – which now account for more than 60 per cent of sales and 80 per cent of earnings.

On a like-for-like basis, pharmaceutical sales rose 4.6 per cent to FFr7.13m in the first quarter from a year earlier, with animal and plant health sales up 12.5 per cent at FFr5.62bn, chemicals sales ahead 5.6 per cent at FFr6.33bn, and sales by the company's fibres and polymers operations down 0.5 per cent at FFr2.8bn.

The company noted that problems with its Centeon blood plasma joint venture with Hoechst knocked FFr249m from operating profit, leaving it at FFr2bn compared with FFr1.82bn in the same period a year earlier.

Mr Fourtou said the company was sticking to its target of a 20 per cent rise in net profits a share for the full year.

However he cautioned that "the aim is made more difficult because of the Centeon effect".

Net interest expenses fell by FFr158m to FFr525m. The shares jumped FFr9.30 to FFr197.20 in early trading, before retreating to FFr196.30, up FFr8.40.

● Schering, the German pharmaceuticals group, yesterday reaffirmed its upbeat outlook for 1997 as it unveiled a 21 per cent rise in first-quarter sales to DM1.21bn ($694m).

It said it expected net profits for the full year to advance by between 10 and 15 per cent and for sales to climb 14 per cent. Last year, Schering made net profits of DM362m on sales of DM5.27bn.

Mr Giuseppe Vita, chairman, also said the company would spend 30 per cent of this year's research budget on seeking joint venture partners. He said: "We cannot achieve our aim of being a global leader with innovative products in specialist markets by ourselves." Last year the company spent DM1.05bn on research and development.

EUROPEAN NEWS DIGEST

## Swiss retailer set to raise SFr250m

Valora, the Swiss retailing group, is expected to raise more than SFr250m ($170m) from the sale of 60 per cent of its 2.5m shares in Selecta, one of Europe's leading vending machine companies. Valora, which bought Selecta in 1985, is disposing of control of Selecta through an initial public offering on the Swiss stock exchange.

UBS, the global co-ordinator of the issue, this week announced an indicative price range of between SFr180 to SFr212 on the sale of 1.325m shares. The first day of trading will be May 12. The company's market value after the issue should be about SFr500m and the shares are being sold at a multiple of just over 16 times 1996 earnings of SFr11.78 per share.

Selecta's operating income grew 17 per cent to SFr40.7m in 1996 on a 3.6 rise in sales to SFr645m. Valora will retain a 20 per cent stake in the company, while Compass Group, the UK food services group, will take a 20 per cent holding. *William Hall, Zurich*

## Creditanstalt ahead

Creditanstalt, the Austrian financial group being taken over by its rival, Bank Austria, lifted first-quarter operating profits 31 per cent on the same quarter of 1996, to Sch2.1bn ($173m). The results, which exclude a capital gain of Sch1.3bn from the sale of Creditanstalt's 33 per cent stake in Maschinenfabrik Andritz, the mechanical engineering group, were lifted by a record performance from the investment banking arm. Creditanstalt Investment Bank's profit on ordinary activities tripled to Sch165m, helped by a series of large deals in eastern Europe. *George Graham, Banking Correspondent*

## Banco Espírito Santo up 45%

Banco Espírito Santo, one of Portugal's leading banking groups, lifted net consolidated profit 44.9 per cent in the first quarter of 1997, from Es4.8bn in the same period last year to Es6.9bn ($40m). The increase reflected the consolidation of 98.6 per cent of the earnings of Banco Internacional de Crédito, a retail bank, compared with 47.2 per cent previously.

Earnings at BES, the parent bank, rose from Es4.4bn to Es5.1bn. Operating costs increased 11.9 per cent to Es20bn, reflecting increased investment in information technology. *Peter Wise, Lisbon*

## Statoil in shipping venture

Statoil, the Norwegian state-owned oil company, is to create a new company from its shipping and maritime technology division and float it off into a joint venture in which the privately owned Rasmussen shipping group will have a 20 per cent stake. The new company will control a fleet of 50 ships. Most of these will be chartered, but eight will be wholly or partly owned by the new venture. Eight new ships are also being built. No financial details of the transaction were revealed.

A third partner is being sought for the venture, which will specialise in providing floating platforms for use on offshore oil fields, offshore loading, storage vessels and drill ships. It will also transport crude oil, refined products, gas and methanol. *Charles Batchelor, Transport Correspondent*

## Brussels clears Siemens deal

The European Commission yesterday cleared the acquisition by Siemens, the German engineering group, of Huelsbeck & Fuerst, a family-owned metal products company. The commission said the transaction would not breach any EU competition rules. *AP-DJ, Brussels*

## Oerlikon-Bührle slips

First-quarter sales at Oerlikon-Bührle, whose products range from anti-aircraft guns to Bally shoes, fell 5 per cent to SFr766m ($521m) in the first quarter of 1997. The result, at a time when the Swiss currency has moved heavily in the group's favour, is a sign that the group's recovery is taking longer than expected.

Oerlikon-Bührle made heavy losses in the late 1980s and early 1990s, and a new management team has been slimming the business and seeking to reorganise its portfolio of interests. A dividend is being proposed for the first time in 10 years.

The bulk of the group's capital remains tied up in Oerlikon-Contraves, its weapons business. However, recovery hinges on the fortunes of its marginally profitable Bally shoe operation and further growth at Balzers and Leybold, its industrial products operation, which accounted for nearly two-thirds of last year's SFr204m operating result. *William Hall*

## Sales up at Pinault-Printemps

French retail group Pinault-Printemps-Redoute said yesterday that first-quarter sales rose 5.9 per cent, from FFr19.12bn a year earlier to FFr20.25bn ($3.5bn). The company attributed the improvement mainly to acquisitions, which boosted sales 3.9 per cent, mostly in the professional equipment sector. Retail revenues climbed 3 per cent to FFr11.2bn, while professional distribution sales climbed 12 per cent to FFr7.43bn. International commerce sales were flat at FFr1.60bn. *AP-DJ, Paris*

# Enron in 20-year accord to sell power to Poland

By Christopher Bobinski in Warsaw

Enron, the US integrated natural gas and electricity company, has signed a 20-year agreement for the sale of power to Poland's Power Grid Company (PSE).

It is the first deal the state-owned grid operator has struck with a private generator.

The agreement opens the way for the construction of a new 116MW gas-fired heat and power plant at Nowa Sarzyna, south-eastern Poland, which Enron plans to put into operation in 1999.

The $120m project is to be financed by commercial loans from foreign as well as local banks, with the possible participation of the International Finance Corporation, the World Bank's private finance arm.

Enron is building a 478MW gas-fired power plant in Marmara, Turkey, and another 551MW plant in Sardinia, Italy, at a total cost of $2bn. The company is also negotiating to build a 180MW gas power plant in Zagreb, Croatia, at a cost of $160m.

New legislation opening access to Poland's national grid takes effect soon. This should speed the growth of a private energy sector, as a market in power develops and the industry is liberalised.

The Enron deal is the first of a series that the PSE is preparing to sign with private operators for environmentally efficient, small-scale, gas-fuelled plants. These are set to replace older coal-fired installations, whose owners face the prospect of increased costs as tougher environmental fines are due to take effect on January 1 1998.

The Enron facility will supply power to the national grid, while heat will go to the nearby Nowa Sarzyna chemical works.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales

Provisional Price for 01.05.1997 — Final Prices for Trading 03.04.1997

| 1/2 hour period ending | Pool purchase price £/MWh | Pool purchase price £/MWh | Pool selling price £/MWh | TS use of system price £/MWh |
|---|---|---|---|---|
| 0030 | 11.60 | 17.94 | 18.00 | 0.94 |
| 0100 | 17.61 | 11.63 | 11.69 | 0.00 |
| 0130 | 11.67 | 17.94 | 18.00 | 0.94 |
| 0200 | 13.71 | 17.94 | 18.00 | 0.94 |
| 0230 | 13.71 | 17.94 | 18.00 | 0.94 |
| 0300 | 13.71 | 17.94 | 18.00 | 0.94 |
| 0330 | 13.71 | 17.94 | 18.00 | 0.94 |
| 0400 | 13.71 | 17.94 | 18.00 | 0.94 |
| 0430 | 13.71 | 11.65 | 11.71 | 0.94 |
| 0500 | 13.71 | 11.65 | 11.71 | 0.94 |
| 0530 | 13.88 | 11.65 | 11.71 | 0.94 |
| 0600 | 13.88 | 11.60 | 11.66 | 0.94 |
| 0630 | 13.88 | 11.60 | 11.66 | 0.94 |
| 0700 | 18.64 | 19.63 | 19.69 | 0.94 |
| 0730 | 19.38 | 25.08 | 25.13 | 0.94 |
| 0800 | 21.73 | 25.08 | 25.13 | 0.94 |
| 0830 | 28.80 | 25.10 | 25.16 | 0.94 |
| 0900 | 29.00 | 27.17 | 27.23 | 0.94 |
| 0930 | 28.81 | 25.77 | 25.82 | 0.94 |
| 1000 | 28.01 | 38.92 | 38.98 | 0.94 |
| 1030 | 29.00 | 38.92 | 38.98 | 0.94 |
| 1100 | 27.14 | 38.92 | 38.98 | 0.94 |
| 1130 | 28.01 | 38.92 | 38.98 | 0.94 |
| 1200 | 29.01 | 27.18 | 27.24 | 0.94 |
| 1230 | 29.00 | 27.18 | 27.23 | 0.94 |
| 1300 | 27.13 | 28.05 | 28.10 | 0.94 |
| 1330 | 23.78 | 27.17 | 27.23 | 0.94 |
| 1400 | 23.77 | 28.04 | 28.10 | 0.94 |
| 1430 | 21.73 | 28.04 | 28.10 | 0.94 |
| 1500 | 21.73 | 28.04 | 28.10 | 0.94 |
| 1530 | 21.73 | 28.04 | 28.10 | 0.94 |
| 1600 | 21.73 | 28.04 | 28.10 | 0.94 |
| 1630 | 25.40 | 28.04 | 28.10 | 0.94 |
| 1700 | 28.80 | 34.38 | 34.44 | 0.94 |
| 1730 | 28.80 | 38.78 | 38.85 | 0.94 |
| 1800 | 25.39 | 28.04 | 28.10 | 0.94 |
| 1830 | 18.84 | 28.04 | 28.10 | 0.94 |
| 1900 | 18.84 | 11.69 | 11.69 | 0.00 |
| 1930 | 18.64 | 11.65 | 11.65 | 0.00 |
| 2000 | 11.62 | 11.70 | 11.70 | 0.00 |
| 2030 | 18.64 | 38.98 | 39.04 | 0.94 |
| 2100 | 28.00 | 38.98 | 39.04 | 0.94 |
| 2130 | 61.36 | 38.98 | 39.04 | 0.94 |
| 2200 | 61.36 | 31.18 | 31.24 | 0.94 |
| 2230 | 23.00 | 31.18 | 31.24 | 0.94 |
| 2300 | 28.00 | 31.18 | 31.24 | 0.94 |
| 2330 | 10.29 | 31.18 | 31.24 | 0.94 |
| 2400 | 11.60 | 19.63 | 19.69 | 0.94 |

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.85/MWh becomes 1.685p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreement, which governs the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. The Transmission Services Use of System Price (TSP) is charged by the National Grid Company plc (NGC) for the operation and development of its electricity transmission system for the purpose of optimising the costs arising from the operation of that system. Charges are calculated by NGC and are based on payments made by NGC into the Pool. TSP is also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool and on TSP on behalf of NGC by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone 0115 945 6789 between 8:30am and 5:15pm Monday to Friday.



## LEGAL NOTICES

No. 01520/1997
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT

IN THE MATTER OF AUKETT ASSOCIATES PLC AND IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated 23 April 1997 confirming the reduction of the share capital of the above named Company from £2,000,000 to £1,454,162.16 and the reduction of the amount standing to the credit of the share premium account of the Company by £877,000 and the Minute approved by the Court showing with respect to the share capital of the Company as altered the several particulars required by the above mentioned Act were registered by the Registrar of Companies on 25 April 1997.

DATED this 1st day of May 1997

Rowe & Maw
20 Black Friars Lane
London EC4V 6HD
Ref: 406
Solicitors for the Company

INSOLVENCY ACT 1986
ANGLO CORPORATION PLC
SILICA RETAIL LIMITED
TECNOPLUS EUROPE LIMITED
(IN ADMINISTRATION)

NOTICE IS HEREBY GIVEN that a Meeting of Creditors of the above named Companies will be held at The New Connaught Rooms, Great Queen Street, London WC2B 5DA on 13 May 1997 at 11.00am to consider any proposals under s23(1) of the Insolvency Act 1986 and to consider establishing a creditors committee.

A proxy form should be completed and sent to me at Florence Court, London EC4A 4HT by the date of the meeting if you cannot attend the meeting and wish to be represented. In order to be entitled to vote at the meeting you must give to me, not later than 12.00 hours on the business day before the day fixed for the meeting, details in writing of your claim.

Dated April 28 1997

TIMOTHY RICHARD HARRIS Administrator

In the High Court of Justice
Chanceries Division
Companies Court
Nos. 00762/763/764/765 of 1997

In the matter of
VIRTUALITY LIMITED
VIRTUALITY OVERSEAS HOLDINGS LIMITED
VIRTUALITY (IP) LIMITED
VIRTUALITY GROUP PLC
(All in Administration)
and
In the matter of
The Insolvency Act 1986

In accordance with Section 23 of the Insolvency Act 1986, J.A. Talbot, M.L. KcKillop and D.K. Duggins, the Joint Administrators of the above named companies have laid before meetings of creditors statements of proposals for achieving the purpose of the Administration Order dated 11th February 1997. Single resolutions were passed at these meetings of creditors approving the proposals for each company. A copy of these proposals are available to members on request in writing to Arthur Andersen, 1 Victoria Square, Birmingham B1 1BD.

DK Duggins, Joint Administrator

Purchase will create world's largest producer of powder metals with 14% of market

# GKN acquires Sinter Metals for $570m

By Tim Burt

GKN, the diversified engineering group, yesterday announced plans to create the world's largest producer of powder metals by acquiring Sinter Metals of the US for $570m.

The UK group said it planned to merge Ohio-based Sinter Metals with its existing powder metallurgy operations. These operations produce lightweight components, mainly for the automotive industry, from precision pressing of metal and carbide powders.

A growing number of car manufacturers, including Ford and General Motors of the US, are substituting large numbers of steel components with powder metal alternatives.

By acquiring Sinter, GKN said it would control 14 per cent of the world market for such components, worth an estimated £2.8bn a year.

Mr CK Chow, GKN chief executive, said the "friendly offer" had been accepted by investors owning 43 per cent of the US group.

He declined to comment on reports that GKN turned to Sinter after failing to persuade rival UK engineering group T&N to part company with Syntertech, its powder metallurgy subsidiary.

"GKN will be creating the only global powder metallurgy business with annual sales of some $530m. We will grow the enlarged business through the introduction of new products, geographical expansion and further acquisitions."

According to GKN, demand for such technology is set to soar among motor manufacturers. The company claimed that the proportion of powder metal components on US-produced Ford cars, for example, had increased by 50 per cent since 1990.

Sinter, a leading supplier to Ford and other carmakers, made pre-tax profits of $24m on sales of $373m last year. GKN's tender offer involves a $386m bid for the equity and the assumption of $184m of debt. Mr Chow said the deal would be financed from cash reserves.

# US move puts Boosey on the market

By Alice Rawsthorn

Boosey & Hawkes, one of the best known names in musical instrument making and classical music publishing, is up for sale.

The sale was triggered by yesterday's announcement that Carl Fischer, the privately-owned US music publisher which owns 45.3 per cent of Boosey, has been put on the market by its family shareholders.

Any company acquiring Fischer would be obliged, by London stock market regulations, to bid for the rest of Boosey's shares, including the 8.2 per cent stake owned by the US group's employee pension fund. Boosey's shares rose 70p to 867½p yesterday in anticipation of a bid, which values the entire company at £170m ($275m) and Fischer's stake at £77m.

Boosey disclosed that it was "considering alternative proposals" with Deutsche Morgan Grenfell, its adviser. Mr Richard Holland, chief executive, said his "preference would be for us to remain as a quoted company", but he could not rule out an external bid.

One option might be for Boosey to bid for Fischer, which is a smaller company, before arranging an institutional placing of its holding. Fischer, advised by Credit Suisse First Boston, owns a catalogue of orchestral music publishing rights and two US music retailers in addition to the Boosey stake.

However, Fischer's shareholders, who have decided to sell following the death last year of Mr Walter Connor, its president and Boosey's non-executive chairman, hope to find a purchaser who will pay a bid premium.

Analysts said there was no obvious bidder for the whole of Boosey. A larger musical instrument maker, such as Japan's Yamaha or Steinway/Selmer of the US, might be interested in that part of the company, but not necessarily in music publishing, which could appeal to a global music group, such as the UK's EMI or PolyGram of the Netherlands.

## RESULTS

| | | Turnover (£m) | | Pre-tax profit (£m) | | EPS (p) | | Current payment (p) | Date of payment | Corresponding dividend | Total for year | Total last year |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Anglo-Eastern | Yr to Dec 31 | 12.4 | (14.8) | 7.1 | (9.18) | 9.7 | (17.3) | 3.49大 | June 9 | 3.4 | 3.49 | 3.4 |
| BAT Inds | 3 mths to Mar 31 | 5,765 | (5,819) | 591♥ | (590♥) | 11.3 | (11.4) | - | - | - | - | 29.5大大 |
| David Brown | Yr to Jan 31 | 181.8 | (161.2) | 17.2♠ | (14.1♠) | 17.7† | (15.3) | 5.75 | July 4 | 5.2 | 8.4 | 7.6 |
| First Info | Yr to Oct 31 | 2.56 | (1) | 8.1L♠ | (3.14L) | 46L† | (24L) | - | - | - | - | - |
| Gent (SR) | 6 mths to Dec 31 | 76.4 | (73.6) | 0.901L♠ | (2.8) | 2.6L | (4.7) | nil | - | 1 | - | 1 |
| Grampian Hldgs | 13 mths to Jan 31☆ | 203.7 | (146.9) | 13.7♥ | (10.5) | 11.51† | (10.24) | 4.65 | Aug 4 | 4.3 | 6.56 | 6.1 |
| Langdons Foods | 12 mths to Dec 31‡ | 5.13 | (3.05) | 0.235L | (0.156) | 0.24L | (0.17) | nil | - | 0.1 | 0.04 | 0.1 |
| Life Numbers Φ | 5 mths to Dec 31 | 0.285 | (-) | 0.351L | (-) | 7.02L | (-) | - | - | - | - | - |
| McInerney ♣ | Yr to Dec 31 | 39.1 | (33.7) | 1.22 | (0.353) | 3.47 | (1.16) | nil | - | nil | nil | nil |
| OEM | 6 mths to Dec 31 | 2.5 | (0.9) | 1 | (0.007) | 14.8 | (0.1) | nil | - | nil | - | nil |
| Oliver Ashworth | Yr to Jan 31 | 78.6 | (63.1) | 2.92 | (2.1) | 11.26 | (8.17) | 1 | May 30 | - | - | - |
| Recycling ServicesΦ | 6 mths to Feb 28 | 10.8 | (9.49) | 0.412 | (0.287) | 1.9† | (1.6) | 0.5 | July 1 | - | - | - |
| Shiloh | Yr to Mar 29 | 35.4 | (28.1) | 1.34♥ | (0.841♥) | 16.14 | (11.64) | 3 | June 20 | 2.85 | 4 | 3.85 |
| Tadpole Tech | 6 mths to Mar 31 | 7.37 | (13.05) | 2.46L | (1.66L) | 9.4L | (6.3L) | - | - | - | - | - |
| UK Estates | 6 mths to Dec 31 | 1.74■ | (2.46■) | 0.161 | (0.112) | 0.28 | (0.11) | 0.15 | June 12 | 0.1 | - | 0.3 |
| Westmount Energy Φ | 6 mths to Dec 31 | 0.199 | (0.106) | 0.101♥ | (0.046) | 0.6 | (0.4) | - | - | - | - | - |
| Whitchurch | Yr to Jan 2 | 47.7 | (48.5) | 4.28L♠ | (0.597) | 28.91L† | (2.61) | nil | - | 1.05 | nil | 1.55 |

| Investment Trusts | | NAV (p) | | Attributable Earnings (£m) | | EPS (p) | | Current payment (p) | Date of payment | Corresponding dividend | Total for year | Total last year |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Fleming Japanese | 6 mths to Mar 31 | 183.4 | (274.7) | 0.913L | (0.27L) | 0.47L | (0.14L) | - | - | - | - | nil |
| Jersey Phoenix | 9 mths to Mar 31 | - | (-) | - | (-) | - | (-) | 1.5✠ | June 27 | 1.5 | - | 5.8 |
| Venturi | Yr to Mar 31 | 431.29 | (369.97) | 0.297 | (0.28) | 4.96 | (4.66) | 2.83 | June 13 | 2.62 | 4.75 | 4.4 |

Earnings shown basic. Dividends shown net except ✠Gross throughout. Figures in brackets are for corresponding period. ♠After exceptional charge. ♥After exceptional credit. †On increased capital. 大Foreign income dividend throughout. 大大Included foreign income dividend element. ☆Comparatives for 12 months. ‡Current period covers 16 months to April 30. ΦAim stock. ♣Irish currency. ■Gross income.

## LEX COMMENT

# BICC


Britain's cable guys – BICC and Delta – have given investors no end of electric shocks. Whether measured over one, five or 10 years, both companies have consistently underperformed the UK stock market by between 30 and 70 per cent. Yesterday's profit warning from BICC, traditionally seen as the one with stronger market positions and a higher-margin product mix, signals more pain ahead. In Germany there is massive overcapacity in power cables, while Italy's electrical utility is adopting a more commercial purchasing policy ahead of its privatisation. Against such fundamental structural changes in the marketplace, promises of yet more cost cutting by Mr Alan Jones, BICC's chief executive, look a rather uninspiring response.

BICC's strategic options, however, appear limited as well. Demerging its Balfour Beatty construction arm would make sense. The logic of a cash generative cables division feeding expansion at Balfour Beatty has certainly broken down. But getting a sensible price for a large contractor with profit margins of less than 1 per cent seems an impossible task in the current climate. Similarly, BICC should arguably cut its dividend again, since it will barely be covered by earnings this year and next. But having raised £170m at 270p – nearly a fifth above the current share price – just seven months ago, BICC does not need any more cash. What it does need to do is to convince shareholders that their money is not just being poured merrily down the drain.

# BAT looks into insurance cover

By Christopher Adams, Insurance Correspondent

BAT Industries, the tobacco and financial services group, is investigating whether hundreds of insurance policies, many written several decades ago, might offer it some protection from the billions of dollars in potential liabilities threatening cigarette manufacturers embroiled in US tobacco litigation.

Martin Broughton

Through its subsidiary, Brown & Williamson, BAT is one of several companies fighting lawsuits in the US which claim health damage from smoking.

Reporting flat first-quarter pre-tax profits of £591m ($957m), the group said yesterday that it was seeking to establish the exact nature of exclusions in general liability insurance policies, many of which it took out several decades ago.

But it described the issue of insurance coverage as extremely complex.

"There are different exclusions with different insurers over different time periods," said Mr Martin Broughton, chief executive. "It's certain to require litigation to clarify the position."

Some analysts have long believed that the wording of the exclusion clauses was weak, potentially exposing the insurance industry to the kind of losses it has suffered from pollution and asbestos claims in recent years.

The group blamed a highly competitive US tobacco market and the strong pound for a pedestrian performance during the first quarter of 1997.

# BICC warns on European sales

By Tim Burt

Shares in BICC yesterday fell to a 12-month low after the cables and construction group warned that sharply reduced demand for power cables in Italy and Germany would undermine first half profits.

The company – which has spent more than £120m ($194m) restructuring its cable operations in the past two years – said order intake had halved in Italy, while overcapacity and intense competition in Germany had depressed selling prices.

BICC shares ended down 17p to 230½p.

Mr Alan Jones, chief executive, said: "In some areas, prices are now below their 1996 levels and that is damned uncomfortable."

The warning follows a heavy restructuring programme at BICC, which has been hit by difficult trading conditions and volatile raw material prices in both its Balfour Beatty construction arm and its international cable operations.

Only last month, Mr Jones said BICC was shifting its strategy from restructuring to expansion, particularly in emerging markets. Yesterday, however, he hinted at further cost-cutting measures in the cable operations, adding: "We will be as brutal as we need to be." Most of the restructuring is expected to take place among BICC's 1,200-strong Italian workforce.

Industry analysts said there was little scope for significant savings in Germany, where the group has already cut staffing from 2,300 to 670.

"This raises questionmarks over BICC's ability to drag itself out of the cable problems in Europe and increases the prospect of further write-downs," according to one analyst.

Others cut profit forecasts for this year from £160m-£165m to about £140m-£150m, compared with pre-exceptional profits of £129m in 1996. Underlying first-half profits are expected to fall from £63m to about £50m.

# Gilts sharply higher ahead of election

GOVERNMENT BONDS

By Michael Lindemann in London and Richard Waters in New York

UK gilts raced higher yesterday, beginning – and possibly ending – an election rally which many analysts had been predicting.

One analyst described yesterday's surge as a "monster performance". Many investors, he said, still had strong cash positions and had opted for gilts because UK equities had underperformed their US counterparts in recent days.

Strong demand was underlined by the fact that a tap on 2013 index-linked gilts was quickly exhausted, said Mr Andrew Roberts, analyst at UBS. Other analysts said that one bank had been caught short on gilts.

The 10-year yield spread of gilts over bunds tightened to 176 basis points, up from 187 at the beginning of the week.

However, Mr David Brown, chief European economist at Bear Stearns, said the spread could narrow to as little as 150 basis points if the opposition Labour party was elected with a majority of more than 100 seats.

"The bigger the majority, the more reassured the market is going to feel," he said.

Mr Roberts said a spread of 170 basis points was more likely because international demand had not been as strong as predicted. Convergence trades were also not attractive because the UK was less likely to join the first wave of Emu than it had been at the beginning of the election campaign.

Yesterday's rally had also been so strong, Mr Roberts said, that "the market might pause for breath on the day of the election itself."

German bunds set the tone for quiet continental European markets as traders, especially in Spain, prepared for a long weekend. The June long bund future settled at 101.20, up 0.23.

Meanwhile, a surge in the lira prompted further speculation of a Bank of Italy interest rate cut and sparked a rally in Italian BTPs.

Rate cut rumours were bolstered by news of a meeting between Mr Oscar Luigi Scalfaro, Italy's president, and Mr Antonio Fazio, governor of the Bank of Italy.

Despite the rally, analysts suggested a cut was unlikely.

"There is no way they are going to cut on just one day's stability of the lira," said Ms Sharda Persaud, of San Paolo Bank.

Mr Luca Jellinek, of Paribas Capital Markets, said: "Anytime the lira goes through L990 against the D-Mark there's a rally."

Ms Persaud, meanwhile, suggested BTPs might rally on the back a strong Labour victory in the UK election. A large Labour majority might make it more likely that the UK would join the European single currency, a prospect that would improve the success chances of the venture, she said.

The June BTP future rose 0.60 to settle at 127.62.

Spanish bonos remained bullish and rode on the back of the BTP rally, picking up 0.30 to settle at 113.74. Otherwise, sentiment remained muted ahead of the long weekend.

US Treasury prices continued to rise yesterday morning, in spite of an unexpectedly strong first-quarter GDP report, taking the yield on the benchmark 30-year bond back firmly below 7 per cent.

The latest burst of buying in New York reflected a growing belief that, while the Federal Reserve may well raise interest rates again later this month, US economic growth is beginning to cool, reducing the pressure for further increases in the second half of the year.

The Treasury market was also supported by the release of the Chicago purchasing managers' index, which provides a clue to the national index to be released next week. The Chicago data showed a fall in some indicators of manufacturing activity in April, after a strong rise in March.

By lunchtime in New York, the long bond had recovered from early losses to trade at 96, a rise of [illegible] on the day, taking the yield to 6.941 per cent.

Shorter-dated securities also advanced strongly, with the two-year note up ⅛ at 100[illegible], to yield 6.257 per cent, and five-year Treasuries rose ¼ to 100[illegible], yielding 6.565 per cent.

Even though the 5.6 per cent rise in GDP in the first quarter was well above expectations, there were signs in yesterday's data supporting the view that the second three months will see a considerable slow-down, several Wall Street economists said.

A build-up of inventory added 1.7 percentage points to the first-quarter figure, suggesting an overhang that will act as a drag on future growth, according to Mr Bruce Steinberg, chief economist at Merrill Lynch.

Yesterday morning's gains followed Tuesday's strong rally, which took the long bond yield below 7 per cent for the first time in a month. Trading today could remain cautious, however, given the release tomorrow of April employment data.

# Bank Handlowy taps short-dated sector

INTERNATIONAL BONDS

By Samer Iskandar

The absence of benchmark issues by blue-chip borrowers yesterday helped to highlight strong investor appetite for emerging market securities.

Bank Handlowy, Poland's largest bankby in terms of capital, raised $150m through its financing subsidiary, Handlowy Finance.

The three-year issue aimed to tap strong demand for short-dated paper in the dollar sector, as investors seek to shorten the durations of their portfolios on fears of future interest rate rises by the US Federal Reserve.

J.P.Morgan, lead manager, said sales were helped by Handlowy's "scarcity value".

"This is only the fourth eurobond from Poland," a syndicate official said. Handlowy is the only Polish entity apart from the government to issue eurobonds.

J.P.Morgan also said the nature of demand for the bonds was encouraging, with a large number of investors buying Polish credit for the first time. At almost 25 per cent of the total amount, the proportion of retail investors was also a positive sign.

Yesterday's deal was priced to yield 60 basis points over US Treasuries, compared with 88 basis points for Handlowy's debut issue, launched a year ago with a similar structure.

A debut issue by Banque Libano-Française was also a resounding success, according to lead manager Indosuez. The $100m amount originally planned was three times oversubscribed during pre-marketing, allowing the issue to be raised to $125m and the pricing to be set at the tightest end of the indicated range of 225–245 basis points over Treasuries.

By late afternoon in London, the bonds were changing hands at 101.75, up from the re-offer price of 99.90, with the spread tightening to 175 basis points. BLF is 51 per cent owned by Banque Indosuez of France.

● Eskom, South Africa's largest electricity producer, this week became the country's first entity to issue rand-denominated eurobonds. Hambros was lead manager for the R150m deal, which matures in 2002.

With a coupon of 15 per cent and a re-offer price of 98.875, the bonds yielded 15.34 per cent, flat on the South African government bond curve.

Eskom is rated BBB+ and Baa1 by Standard & Poor's and Moody's Investors Service, respectively. Between 40 and 50 per cent of its previous eurobond issues – in Swiss francs, yen, D-Marks and US dollars – are held by foreign investors, according to Hambros.

## New international bond issues

| Borrower | Amount m. | Coupon % | Price | Maturity | Fees % | Spread bp | Book-runner |
|---|---|---|---|---|---|---|---|
| **US DOLLARS** | | | | | | | |
| Citic‡ | 200 | (a) | 100.00R | May 2002 | 0.20R | - | CSFB |
| Handlowy Finance | 150 | 7.125 | 99.798R | May 2000 | 0.25R | +60(5⅝%-Feb00) | JP Morgan Securities |
| Banque Libano-Française | 125 | 8.875# | 99.90R | May 2002 | 1.00R | +225(6⅝%-02) | Indosuez Capital |
| Kingdom of Sweden(b)★ | 50 | 6.00# | 100.00 | May 2000 | 1.60 | - | Sumitomo Trust Intl |
| **D-MARKS** | | | | | | | |
| Bankers Trust Company(c)‡ | 400 | (c1) | 99.855R | May 2002 | 0.075R | - | Lehman Bros Bankhaus |
| **YEN** | | | | | | | |
| Republic of Argentina★ | 50bn | 4.40# | 99.85R | May 2004 | 0.90R | - | Yamaichi Intl (Europe) |
| **SWISS FRANCS** | | | | | | | |
| Merrill Lynch & Co(d)‡ | 100 | (d1) | 100.12 | Feb 1999 | 0.075 | - | Merrill Lynch Capl Mkts |
| Merrill Lynch & Co(e)‡ | 100 | (e1) | 100.04 | Aug 1998 | 0.05 | - | Merrill Lynch Capl Mkts |
| **ESCUDOS** | | | | | | | |
| Frome Company‡ | 9.5bn | (f,s) | 100.00 | Mar 2002 | 0.075 | - | BPI |
| **DANISH KRONER** | | | | | | | |
| Bayerische Vereinsbank | 400 | (g) | 101.863 | Jun 2005 | 2.00 | - | Kredietbank Intl Group |

Final terms, non-callable unless stated. Yield spread (over relevant government bond) at launch supplied by lead manager. ★Unlisted. ‡ Floating-rate note. #Semi-annual coupon. R: fixed re-offer price; fees shown at re-offer level. a) 6-mth Libor +35bp. b) Long last coupon. c) Callable from May 00 at par. c1) 3-mth Libor +6¼bp. d) SFr300m launched 16/1/97 was increased to SFr400m. d1) 3-mth Libor +7bp. e) SFr200m launched 16/1/97 was increased to SFr300m. e1) 3-mth Libor flat. f) 6-mth Lisbor -2bp. g) 5% to 10/6/01, then 8%. s) Short 1st coupon.

## CAPITAL MARKETS NEWS DIGEST

# DMG to advise on Bulgarian sale

Bulgarian Telecommunications Company, the state-owned operator, has appointed Deutsche Morgan Grenfell to advise on the sale of a strategic stake to an international operator under a rapid privatisation programme. The new pro-market government has set the disposal for the end of this year, but the size of the stake offered will depend on DMG's recommendation.

The former socialist government opted for a partial privatisation of 25 per cent of BTC, but the new administration says it is willing to sell more than 60 per cent of the company to a west European or US operator.

To avoid political controversy and increase revenues, the sale is likely to be arranged in two stages. The first tranche would amount to a 35 per cent equity stake plus management rights, "to be followed a year or so later by another 20–25 per cent at what we hope would be a better price", a Bulgarian official said.

BTC has not been formally valued but local analysts say the government would aim to raise at least $1.2bn from the sale of a 35 per cent stake. Bulgaria has one of the highest penetration rates in eastern Europe for fixed-wire telephones, with 33 lines for every 100 residents, but the network needs to be modernised and expanded. *Theodor Troev, Plovdiv, and Kerin Hope, Athens*

## Polish sell-off approved

The Polish government has given final approval to the privatisation of KGHM, the integrated copper ore producer and smelter valued at more than $1bn, in one of the country's largest disposals to date. The sale is expected to begin at the end of June.

The privatisation will include the sale of 21 per cent of the equity abroad through Global Depositary Receipts, which will be quoted on the London Stock Exchange. A local offer amounting to 15 per cent of the stock will be placed through the Warsaw bourse.

A further 15 per cent of the shares will be handed to the company's 20,000 employees, leaving the state with a 49 per cent stake.

Under the government's decision shares can be moved from the local tranche to the foreign offering which, however, can amount to no more than 26 per cent of KGHM's equity. The share prospectus is to be sent to the Securities Commission for approval soon, the state treasury said yesterday.

UBS and BZW are co-ordinating the sale globally, with Merrill Lynch and Robert Fleming leading the offer. Poland's Wielkopolski Bank Kredytowy, which is acting as an adviser for the sale along with BZW and UBS, is to manage the local offer. Commerzbank, Creditanstalt, ING Barings, Nomura International and Paribas are co-managers.

KGHM reported a 147m zlotys ($49m) net profit for last year compared with a 428m zlotys net profit last year. Net revenues last year reached 3.3bn zlotys against 3.4bn zlotys in 1995 as overall costs rose 15 per cent to 3.3bn zlotys. *Christopher Bobinski, Warsaw*

## WORLD BOND PRICES

### BENCHMARK GOVERNMENT BONDS

| | | Coupon | Red Date | Price | Day's change | Yield | Week ago | Month ago |
|---|---|---|---|---|---|---|---|---|
| Australia | | 6.750 | 11/06 | 92.7054 | +0.570 | 7.85 | 7.83 | 7.98 |
| Austria | | 5.750 | 04/07 | 99.4900 | +0.230 | 5.82 | 5.86 | 5.88 |
| Belgium | | 6.250 | 03/07 | 102.2700 | +0.220 | 5.94 | 5.98 | 6.06 |
| Canada * | | 7.000 | 12/06 | 102.4500 | +0.450 | 6.65 | 6.73 | 6.62 |
| Denmark | | 8.000 | 03/06 | 109.8400 | +0.120 | 6.50 | 6.55 | 6.79 |
| France | BTAN | 4.750 | 03/02 | 102.9726 | +0.080 | 4.75 | 4.83 | 4.79 |
| | OAT | 5.500 | 04/07 | 98.1600 | +0.210 | 5.75 | 5.79 | 5.77 |
| Germany Bund | | 6.000 | 01/07 | 101.2600 | +0.240 | 5.82 | 5.83 | 5.95 |
| Ireland | | 8.000 | 08/06 | 108.5500 | +0.070 | 6.73 | 6.74 | 6.96 |
| Italy | | 6.750 | 02/07 | 94.8500 | +0.270 | 7.50† | 7.49 | 7.67 |
| Japan | No 145 | 5.500 | 03/02 | 117.6968 | –0.270 | 1.60 | 1.44 | 1.31 |
| | No 182 | 3.000 | 09/05 | 104.5916 | –0.370 | 2.35 | 2.15 | 2.26 |
| Netherlands | | 5.750 | 02/07 | 0.0000 | - | 0.00 | 5.75 | 5.80 |
| Portugal | | 9.500 | 02/06 | 118.0500 | +0.330 | 6.71 | 6.77 | 7.08 |
| Spain | | 7.350 | 03/07 | 103.7000 | +0.230 | 6.81 | 6.87 | 7.21 |
| Sweden | | 8.000 | 08/07 | 0.0000 | - | 0.00 | 7.26 | 7.48 |
| UK Gilts | | 7.000 | 06/02 | 99–13 | +15/32 | 7.14 | 7.27 | 7.19 |
| | | 7.250 | 12/07 | 98–17 | +23/32 | 7.45 | 7.57 | 7.60 |
| | | 9.000 | 10/08 | 111–02 | +26/32 | 7.54 | 7.68 | 7.67 |
| US Treasury * | | 6.250 | 02/07 | 96–18 | +11/32 | 6.73 | 6.85 | 6.73 |
| | | 6.625 | 02/27 | 95–26 | +19/32 | 6.96 | 7.06 | 6.97 |
| ECU (French Govt) | | 7.000 | 04/06 | 106.2000 | +0.380 | 6.06 | 6.22 | 6.33 |

London closing, *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

### US INTEREST RATES

| Latest | | Treasury Bills and Bond Yields | | | |
|---|---|---|---|---|---|
| | | One month | - | Two year | 6.38 |
| Prime rate | 8½ | Two month | - | Three year | 6.48 |
| Broker loan rate | 7¼ | Three month | 5.26 | Five year | 6.66 |
| Fed.funds | 5¼ | Six month | 5.54 | 10-year | 6.80 |
| Fed.funds at intervention | - | One year | 5.83 | 30-year | 7.01 |

### BOND FUTURES AND OPTIONS

**France**

■ NOTIONAL FRENCH BOND FUTURES (MATIF) FFr500,000

| | Open | Sett price | Change | High | Low | Est. vol. | Open int. |
|---|---|---|---|---|---|---|---|
| Jun | 129.02 | 128.96 | +0.06 | 129.16 | 128.76 | 138,428 | 154,547 |
| Sep | 127.48 | 127.42 | +0.06 | 127.50 | 127.34 | 3,357 | 8,339 |
| Dec | 97.02 | 96.96 | +0.06 | 97.02 | 97.02 | 2 | – |

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

| Strike Price | Calls Jun | Calls Jul | Calls Sep | Puts Jun | Puts Jul | Puts Sep |
|---|---|---|---|---|---|---|
| 127 | 2.14 | 1.25 | 1.70 | 0.19 | 0.83 | 1.28 |
| 128 | 1.33 | 0.74 | 1.17 | 0.37 | 1.32 | 1.74 |
| 129 | 0.67 | 0.38 | 0.78 | 0.71 | 1.95 | 2.32 |
| 130 | 0.23 | 0.16 | 0.46 | 1.27 | - | - |
| 131 | 0.05 | 0.07 | 0.28 | 2.09 | - | - |

Est. vol. total, Calls 13,146 Puts 22,993. Previous day's open int., Calls 112,314 Puts 140,153.

**Germany**

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

| | Open | Sett price | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Jun | 101.14 | 101.20 | +0.23 | 101.41 | 100.83 | 200365 | 278422 |
| Sep | 100.10 | 100.16 | +0.24 | 100.23 | 99.82 | 1646 | 22815 |

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

| Strike Price | Calls Jun | Calls Jul | Calls Aug | Calls Sep | Puts Jun | Puts Jul | Puts Aug | Puts Sep |
|---|---|---|---|---|---|---|---|---|
| 10100 | 0.65 | 0.48 | 0.66 | 0.83 | 0.45 | 1.32 | 1.50 | 1.67 |
| 10150 | 0.39 | 0.32 | 0.49 | 0.64 | 0.69 | 1.66 | 1.83 | 1.98 |
| 10200 | 0.21 | 0.21 | 0.35 | 0.48 | 1.01 | 2.05 | 2.19 | 2.32 |

Est. vol. total, Calls 18884 Puts 15851. Previous day's open int., Calls 181870 Puts 216014

**Italy**

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

| | Open | Sett price | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Jun | 127.37 | 127.62 | +0.60 | 127.89 | 127.14 | 58899 | 108655 |
| Sep | 127.60 | 127.86 | +0.59 | 127.85 | 127.59 | 429 | 5430 |

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

| Strike Price | Calls Jun | Calls Sep | Puts Jun | Puts Sep |
|---|---|---|---|---|
| 12750 | 1.03 | 2.49 | 0.91 | 2.13 |
| 12800 | 0.77 | 2.20 | 1.15 | 2.34 |
| 12850 | 0.56 | 1.92 | 1.44 | 2.58 |

Est. vol. total, Calls 5464 Puts 8070. Previous day's open int., Calls 110872 Puts 121124

**Spain**

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

| | Open | Sett price | Change | High | Low | Est. vol. | Open int. |
|---|---|---|---|---|---|---|---|
| Jun | 113.70 | 113.72 | +0.31 | 113.75 | 113.25 | 68,017 | 73,209 |
| Sep | – | 112.88 | – | – | – | 44 | 4 |

**UK**

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

| | Open | Sett price | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Jun | 109-30 | 110-19 | +0-29 | 110-26 | 109-26 | 95822 | 169578 |
| Sep | 109-22 | 110-14 | +0-30 | 110-18 | 109-22 | 1201 | 2696 |

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

| Strike Price | Calls Jun | Calls Jul | Calls Aug | Calls Sep | Puts Jun | Puts Jul | Puts Aug | Puts Sep |
|---|---|---|---|---|---|---|---|---|
| 110 | 1-18 | 1-34 | 1-56 | 2-06 | 0-44 | 1-06 | 1-28 | 1-42 |
| 111 | 0-48 | 1-01 | 1-25 | 1-38 | 1-10 | 1-37 | 1-61 | 2-10 |
| 112 | 0-26 | 0-40 | 1-00 | 1-11 | 1-52 | 2-12 | 2-36 | 2-47 |

Est. vol. total, Calls 16401 Puts 8717. Previous day's open int., Calls 63109 Puts 25313

**Ecu**

■ ECU BOND FUTURES (MATIF) ECU100,000

| | Open | Sett price | Change | High | Low | Est. vol. | Open int. |
|---|---|---|---|---|---|---|---|
| Jun | 94.34 | 94.58 | +0.24 | 94.66 | 94.34 | 941 | 6,090 |
| Sep | – | 94.20 | +0.24 | – | – | – | – |

**US**

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

| | Open | Latest | Change | High | Low | Est. vol. | Open int. |
|---|---|---|---|---|---|---|---|
| Jun | 108–31 | 108–16 | –0–14 | 109–01 | 108–12 | 516,528 | 450,469 |
| Sep | 108–18 | 108–05 | –0–12 | 108–19 | 107–30 | 2,726 | 42,969 |
| Dec | 107–19 | 107–21 | –0–15 | 107–21 | 107–19 | 1,296 | 6,700 |

**Japan**

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

| | Open | Close | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Jun | 125.02 | | | 125.20 | 124.99 | 1933 | na |
| Sep | 123.76 | | | 123.84 | 123.75 | 433 | na |

* LIFFE futures also traded on APT. All Open interest figs. are for previous day.

## FTSE Actuaries Govt. Securities — UK Indices

| Price Indices UK Gilts | Wed Apr 30 | Day's change % | Tue Apr 29 | Accrued interest | xd adj. ytd |
|---|---|---|---|---|---|
| 1 Up to 5 years (19) | 119.91 | 0.18 | 119.69 | 2.13 | 4.14 |
| 2 5-15 years (21) | 150.63 | 0.63 | 149.69 | 3.26 | 3.12 |
| 3 Over 15 years (6) | 172.06 | 1.00 | 170.36 | 5.39 | 3.16 |
| 4 Irredeemables (5) | 196.53 | 1.20 | 194.21 | 4.66 | 2.37 |
| 5 All stocks (51) | 144.69 | 0.58 | 143.89 | 3.23 | 3.60 |

| | Low coupon yield Apr 30 | Apr 29 | Yr. ago | Medium coupon yield Apr 30 | Apr 29 | Yr. ago | High coupon yield Apr 30 | Apr 29 | Yr. ago |
|---|---|---|---|---|---|---|---|---|---|
| 5 yrs | 7.18 | 7.27 | 7.47 | 7.25 | 7.34 | 7.51 | 7.28 | 7.39 | 7.62 |
| 15 yrs | 7.57 | 7.68 | 8.21 | 7.59 | 7.69 | 8.22 | 7.52 | 7.56 | 8.31 |
| 20 yrs | 7.66 | 7.77 | 8.28 | 7.62 | 7.72 | 8.28 | 7.53 | 7.56 | 8.34 |
| Irred.† | 7.78 | 7.88 | 8.31 | | | | | | |

| Index-linked | Wed Apr 30 | Day's change % | Tue Apr 29 | Accrued interest | xd adj. ytd |
|---|---|---|---|---|---|
| 6 Up to 5 years (2) | 204.28 | 0.17 | 203.94 | 0.56 | 3.03 |
| 7 Over 5 years (10) | 196.76 | 0.47 | 195.85 | 1.40 | 2.32 |
| 8 All stocks (12) | 196.49 | 0.44 | 195.64 | 1.30 | 2.37 |

| | Inflation 5% Apr 30 | Apr 29 | Yr. ago | Inflation 10% Apr 30 | Apr 29 | Yr. ago |
|---|---|---|---|---|---|---|
| Up to 5 yrs | 3.30 | 3.34 | 2.60 | 2.67 | 2.71 | 1.21 |
| Over 5 yrs | 3.58 | 3.61 | 3.71 | 3.37 | 3.41 | 3.51 |

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date. Due to a technical problem Index-Linked All Stocks and Up to 5 years indices have been amended for 29/4/97. For further information contact FTSE Helpdesk 0171-448-1810.

### FT Fixed Interest Indices

| | Apr 30 | Apr 29 | Apr 28 | Apr 25 | Apr 24 | Yr ago | High* | Low* |
|---|---|---|---|---|---|---|---|---|
| Govt. Secs. (UK) | 94.59 | 93.82 | 93.63 | 93.46 | 93.69 | 92.57 | 96.62 | 93.31 |
| Fixed Interest | 117.03 | 116.73 | 116.61 | 116.36 | 116.62 | 112.78 | 120.18 | 115.32 |

### Gilt Edged Activity Indices

| | Apr 29 | Apr 28 | Apr 25 | Apr 24 | Apr 23 |
|---|---|---|---|---|---|
| Gilt Edged bargains | NA | NA | NA | NA | NA |
| 5-day average | NA | NA | NA | NA | NA |

 * for 1997. Government Securities high since compilation: 127.40 (09/01/35), low 49.18 (03/01/75). Fixed Interest high since compilation: 133.87 (21/01/94), low 50.53 (03/01/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974. Gilt Edged volume data will be unavailable until the end of May.

## FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:10 pm on April 30

| | Issued | Bid | Offer | Chg | Yield |
|---|---|---|---|---|---|
| **U.S. DOLLAR STRAIGHTS** | | | | | |
| Abbey Natl Treasury 6½ 03 | 1000 | 97⅜ | 97¾ | +⅜ | 7.05 |
| ABN Amro Bank 7¼ 05 | 1000 | 99½ | 99¾ | +⅛ | 7.47 |
| African Dev Bk 7⅜ 23 | 500 | 97½ | 97⅞ | +⅝ | 7.60 |
| Spain 7¼ 03 | 4000 | 110⅛ | 110¼ | +¼ | 5.19 |
| Volkswagen Intl Fin 7 03 | 1000 | 107½ | 107⅞ | +⅛ | 5.51 |
| World Bank 5⅞ 03 | 3000 | 103¾ | 103⅞ | +¼ | 5.18 |
| World Bank 6⅛ 02 | 3000 | 105⅜ | 105½ | +¼ | 4.96 |
| Abbey Natl Treasury 8 03 £ | 1000 | 101¼ | 101½ | +½ | 7.72 |
| British Land 8⅞ 23 £ | 150 | 101 | 101¼ | +1⅛ | 8.87 |
| Denmark 6¾ 98 £ | 800 | 99¾ | 99⅞ | +⅛ | 6.92 |
| Depfa Finance 7⅛ 03 £ | 500 | 96⅝ | 96⅞ | +⅝ | 7.79 |
| [illegible] | | | | | |

## UK GILTS PRICES

| | Notes | Yield Int | Yield Red | Price £ | + or – | 52 week High | 52 week Low |
|---|---|---|---|---|---|---|---|
| **Shorts (Lives up to Five Years)** | | | | | | | |
| Treas Cnv 7pc 1997‡‡ | | 6.98 | 6.17 | 100[illegible] | — | 101[illegible] | 100[illegible] |
| Treas 8¾pc 1997‡‡ | | 8.68 | 6.19 | 100[illegible] | — | 107[illegible] | 100[illegible] |
| Exch 15pc 1997 | | 14.40 | 6.34 | 104[illegible] | — | 114⅞ | 102[illegible] |
| Treas 7¼pc 2006‡‡ | | 7.61 | 7.46 | 101[illegible] | +⅛ | 107⅛ | 95[illegible] |
| Treas 8pc 2002-6‡‡ | | 7.85 | 7.43 | 101[illegible] | +⅞ | 104[illegible] | 98⅛ |
| Treas 11¾pc 2003-7 | | 9.77 | 7.32 | 120[illegible] | +½ | 124[illegible] | 115⅛ |
| **Index-Linked** | (b) | | | | | | |
| 4⅝pc '98‡‡ (135.6) | | – | 2.15 | 114⅞ | +[illegible] | 114⅞ | 112⅞ |
| 2½pc '01 (78.3) | | 2.65 | 3.29 | 186[illegible] | +⅛ | 187[illegible] | 178[illegible] |
| 2½pc '03 (78.8) | | 2.94 | 3.40 | 182[illegible] | +⅞ | 184[illegible] | 173[illegible] |
| [illegible] | | | | | | | |

## Other Fixed Interest

[illegible]



هكذا من الأصل

CURRENCIES AND MONEY

# Punt plunges towards its Emu level

MARKETS REPORT

By Simon Kuper

The Irish punt plummeted yesterday, dropping 6.5 pfennigs against the D-Mark and 2.2p against the pound to close in London at DM2.602 and £0.926.

Traders have been selling the punt since April 15, when Mr Ruairi Quinn, finance minister, said he would like the currency to weaken to near its central rate within the *European* exchange rate mechanism of DM2.411 against the D-Mark.

The dollar firmed as strong US gross domestic product and price data revived prospects that the Federal Reserve might raise interest rates this month.

US GDP was reported to have grown by 5.6 per cent year-on-year in the first quarter, while the GDP price index rose 2.7 per cent. Both gains were well above forecasts. On Tuesday, weak employment cost, durable goods and consumer confidence data had strongly reduced expectations that the Fed would raise rates after its Open Market committee meeting on May 20.

The dollar rose 0.6 pfennigs against the D-Mark to DM1.731 and Y0.2 against the yen to Y126.9. Its rise against the yen was capped by fears that Japan and the US would intervene at a higher dollar/yen rate. Mr Jean Arthuis, French finance minister, said he was pleased with the dollar's recent surge. It "explains in part our success in foreign trade," he said.

■ The Bank of Ireland defended the punt in the market for two weeks after Mr Quinn said he wanted the currency to fall. On Monday the *punt was still nearly* 11 per cent above its central ERM rate. But late on Tuesday the central bank signalled to Irish banks that it would stop intervening.

The punt responded with the most spectacular slide in a western currency in months. At one point yesterday it had lost 10 pfennigs against the D-Mark and stood at its lowest point against sterling since July 1992. But the punt firmed after Mr Quinn said: "No decision has been taken yet with regards to the rate at which we will join Emu."

■ The punt's slide amplifies Ireland's exchange rate dilemma, *say forex strategists*. The country wants the currency to weaken from present levels against the *D-Mark, as it has no wish to* enter European monetary union at such a high exchange rate. "The lower the rate, the better for exporters," says Mr Jesper Dannesboe, treasury economist at ABN-Amro in London. If Ireland joins Emu, he *points out, "You are fixing* the rate for life."

But on the other hand, Ireland wants the punt to *stay firm against sterling.* The UK has always been Ireland's main trading partner, and if the punt fell against the pound, Irish inflation could rise as *imported goods became more* expensive. "Ireland is a very open economy," pointed out Mr Peter von Maydell, senior currency economist at UBS in London. Inflation is a concern, as the economy is growing fast and the government has kept interest rates low partly in order to stop the punt from rising further.

The money markets are now pricing in an Irish rate increase of between 25 and 50 basis points in the next month. Anything stronger than that, says Mr Dannesboe, and the punt would rise.

4CAST, the economic consultancy, says the obvious way out of Ireland's dilemma would be for sterling to fall against the D-Mark. It says *that could happen tomorrow* if traders sold the pound on the long-discounted news of a Labour victory in today's UK general election.

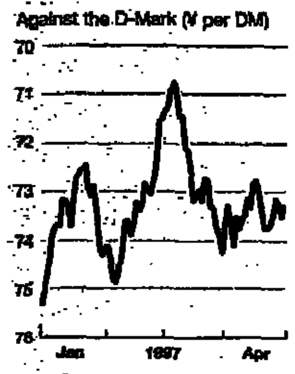
But if the pound stays strong, then Ireland has a currency problem. Yesterday at least, it seemed to choose Emu over the UK and the fight against inflation.

■ Mr Dannesboe and Mr Von Maydell both now advise selling the punt forward. "It's a beautiful trade," says Mr Dannesboe.

Most in the markets expect Ireland to join Emu at its start in January 1999. If that happens, the punt would be expected to enter *at its ERM central rate of* DM2.411. The punt's market price on the day before Emu begins should therefore be *exactly DM2.411*. But the forward rate for January 1, 1999 is around DM2.50 – about 3.7 per cent above that level.

**Yen**

Against the D-Mark (Y per DM)




Source: Datastream

■ **Pound in New York**

| Apr 30 | —Latest— | -- Prev. close -- |
|---|---|---|
| £ spot | 1.6205 | 1.6315 |
| 1 mth | 1.6197 | 1.6307 |
| 3 mth | 1.6179 | 1.6298 |
| 1 yr | 1.6110 | 1.6205 |

■ **OTHER CURRENCIES**

| Apr 30 | £ | $ |
|---|---|---|
| Czech Rp | 50.1828 - 50.2562 | 30.9350 - 30.9650 |
| Hungary | 296.100 - 296.327 | 182.530 - 182.580 |
| Iran | 4869.00 - 4868.60 | 3000.00 - 3000.00 |
| Kuwait | 0.4931 - 0.4938 | 0.3040 - 0.3041 |
| Poland | 5.1286 - 5.1352 | 3.1615 - 3.1640 |
| Russia | 9343.87 - 9351.73 | 5760.00 - 5762.00 |
| U.A.E. | 5.9551 - 5.9613 | 3.6710 - 3.6730 |

## POUND SPOT FORWARD AGAINST THE POUND

| Apr 30 | | Closing mid-point | Change on day | Bid/offer spread | Day's Mid high | Day's Mid low | One month Rate | One month %PA | Three months Rate | Three months %PA | One year Rate | One year %PA | Bank of Eng. Index |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Europe** | | | | | | | | | | | | | |
| Austria | (Sch) | 19.7755 | -0.0268 | 649 - 860 | 19.8291 | 19.7604 | 19.732 | 2.8 | 19.6755 | 2.0 | - | - | 103.4 |
| *Belgium* | (BFr) | *57.9593* | -0.0987 | 125 - 060 | 58.2320 | 57.9070 | 57.8343 | 2.6 | 57.5743 | 2.7 | 56.2493 | 3.0 | 103.1 |
| Denmark | (DKr) | 10.6949 | -0.0156 | 906 - 991 | 10.7245 | 10.6900 | 10.6729 | 2.5 | 10.6294 | 2.4 | 10.4194 | 2.6 | 105.9 |
| Finland | (FM) | 8.4434 | -0.0461 | 372 - 495 | 8.5070 | 8.4370 | - | - | - | - | - | - | 82.7 |
| France | (FFr) | 9.4701 | -0.0173 | 659 - 743 | 9.4992 | 9.4619 | 9.448 | 2.8 | 9.4043 | 2.8 | 9.1872 | 3.0 | 106.0 |
| Germany | (DM) | 2.8098 | -0.0036 | 084 - 112 | 2.8194 | 2.8074 | 2.8032 | 2.8 | 2.7896 | 2.9 | 2.7229 | 3.1 | 104.7 |
| Greece | (Dr) | 446.328 | +0.592 | 154 - 504 | 448.217 | 444.740 | - | - | - | - | - | - | 65.5 |
| Ireland | (I£) | 1.0803 | +0.0258 | 793 - 813 | 1.0867 | 1.0607 | 1.08 | 0.3 | 1.0791 | 0.4 | 1.0725 | 0.7 | 99.2 |
| Italy | (L) | 2777.69 | -10.65 | 599 - 939 | 2794.38 | 2775.44 | 2781.09 | -1.5 | 2785.94 | -1.2 | 2788.74 | -0.4 | 76.2 |
| Luxembourg | (LFr) | 57.9593 | -0.0987 | 125 - 060 | 58.2320 | 57.9070 | 57.8343 | 2.6 | 57.5743 | 2.7 | 56.2493 | 3.0 | 103.1 |
| Netherlands | (Fl) | 3.1610 | -0.0041 | 596 - 623 | 3.1702 | 3.1595 | 3.1529 | 3.1 | 3.1371 | 3.0 | 3.0618 | 3.1 | 102.7 |
| Norway | (NKr) | 11.5542 | +0.0018 | 473 - 611 | 11.6346 | 11.5943 | 11.5297 | 2.5 | 11.4812 | 2.5 | 11.2557 | 2.6 | 99.5 |
| Portugal | (Es) | 281.919 | -0.002 | 809 - 029 | 282.866 | 281.409 | 282.059 | -0.6 | 282.344 | -0.6 | - | - | 94.3 |
| Spain | (Pta) | 237.021 | -0.505 | 939 - 104 | 237.590 | 236.770 | 237.154 | -0.7 | 237.021 | 0.0 | 235.546 | 0.6 | 77.3 |
| Sweden | (SKr) | 12.7301 | -0.0351 | 208 - 393 | 12.7808 | 12.7090 | 12.7111 | 1.8 | 12.6716 | 1.8 | 12.4756 | 2.0 | 83.5 |
| *Switzerland* | (SFr) | *2.3908* | *-0.002* | *895 - 920* | *2.3963* | *2.3864* | *2.382* | *4.4* | *2.3641* | *4.5* | *2.2799* | *4.6* | *104.0* |
| UK | (£) | - | - | - | - | - | - | - | - | - | - | - | 100.1 |
| Ecu | - | 1.4390 | -0.0018 | 380 - 399 | 1.4441 | 1.4380 | 1.4366 | 1.8 | 1.4321 | 1.9 | 1.407 | 2.2 | - |
| SDR† | - | 1.18951 | - | - | - | - | - | - | - | - | - | - | - |
| **Americas** | | | | | | | | | | | | | |
| Argentina | (Peso) | 1.6222 | -0.0089 | 217 - 227 | 1.6328 | 1.6207 | - | - | - | - | - | - | - |
| Brazil | (R$) | 1.7257 | -0.0082 | 250 - 264 | 1.7354 | 1.7240 | - | - | - | - | - | - | - |
| Canada | (C$) | 2.2679 | -0.0128 | 669 - 688 | 2.2813 | 2.2668 | 2.262 | 3.1 | 2.2513 | 2.9 | 2.2067 | 2.7 | 84.1 |
| Mexico | (New Peso) | 12.9038 | -0.1328 | 965 - 110 | 12.9769 | 12.7843 | - | - | - | - | - | - | - |
| USA | ($) | 1.6226 | -0.0087 | 222 - 230 | 1.6330 | 1.6209 | 1.6219 | 0.5 | 1.6203 | 0.6 | 1.6139 | 0.5 | 106.4 |
| **Pacific/Middle East/Africa** | | | | | | | | | | | | | |
| Australia | (A$) | 2.0759 | -0.0124 | 747 - 770 | 2.0893 | 2.0740 | 2.0758 | 0.1 | 2.075 | 0.2 | 2.0709 | 0.2 | 99.2 |
| Hong Kong | (HK$) | 12.5695 | -0.0674 | 656 - 734 | 12.6484 | 12.5571 | 12.5648 | 0.4 | 12.5539 | 0.5 | 12.5137 | 0.4 | - |
| India | (Rs) | 58.0161 | -0.2948 | 612 - 709 | 58.4010 | 57.9600 | - | - | - | - | - | - | - |
| Israel | (Shk) | 5.5268 | -0.0261 | 225 - 310 | 5.5546 | 5.5217 | - | - | - | - | - | - | - |
| Japan | (Y) | 205.924 | -0.852 | 792 - 056 | 207.320 | 205.620 | 204.954 | 5.7 | 203.094 | 5.5 | 194.484 | 5.6 | 120.1 |
| Malaysia | (M$) | 4.0727 | -0.024 | 709 - 745 | 4.0995 | 4.0682 | - | - | - | - | - | - | - |
| New Zealand | (NZ$) | 2.3399 | -0.0076 | 381 - 417 | 2.3540 | 2.3373 | 2.3428 | -1.5 | 2.3479 | -1.4 | 2.3681 | -1.2 | 116.8 |
| Philippines | (Peso) | 42.7880 | -0.2294 | 450 - 310 | 43.0290 | 42.7356 | - | - | - | - | - | - | - |
| Saudi Arabia | (SR) | 6.0856 | -0.0326 | 839 - 872 | 6.1221 | 6.0793 | - | - | - | - | - | - | - |
| Singapore | (S$) | 2.3468 | -0.0097 | 454 - 482 | 2.3581 | 2.3450 | - | - | - | - | - | - | - |
| South Africa | (R) | 7.2149 | -0.0293 | 107 - 191 | 7.2511 | 7.2106 | - | - | - | - | - | - | - |
| South Korea | (Won) | 1447.36 | -9.39 | 376 - 096 | 1457.78 | 1443.08 | - | - | - | - | - | - | - |
| Taiwan | (T$) | 44.8811 | -0.257 | 376 - 246 | 45.1704 | 44.8365 | - | - | - | - | - | - | - |
| Thailand | (Bt) | 42.3905 | -0.2109 | 394 - 415 | 42.6520 | 42.3360 | - | - | - | - | - | - | - |

† Rates for Apr 29. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1990 = 100. Index rebased 1/2/95. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T. The exchange rates printed in this table are also available on the internet at http://www.FT.com

## DOLLAR SPOT FORWARD AGAINST THE DOLLAR

| Apr 30 | | Closing mid-point | Change on day | Bid/offer spread | Day's mid high | Day's mid low | One month Rate | One month %PA | Three months Rate | Three months %PA | One year Rate | One year %PA | J.P. Morgan Index |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Europe** | | | | | | | | | | | | | |
| Austria | (Sch) | 12.1875 | +0.0485 | 840 - 910 | 12.2080 | 12.1150 | 12.1728 | 1.5 | 12.1275 | 2.0 | 11.9325 | 2.1 | 103.2 |
| Belgium | (BFr) | 35.7200 | +0.13 | 000 - 400 | 35.8000 | 35.4980 | 35.66 | 2.0 | 35.5325 | 2.1 | 34.9925 | 2.0 | 103.2 |
| Denmark | (DKr) | 6.5912 | +0.0256 | 902 - 922 | 6.6012 | 6.5501 | 6.5823 | 1.6 | 6.5639 | 1.7 | 6.4822 | 1.7 | 105.3 |
| Finland | (FM) | 5.2036 | -0.0005 | 011 - 061 | 5.2214 | 5.1845 | 5.1948 | 2.0 | 5.1761 | 2.1 | 5.0936 | 2.1 | 81.9 |
| France | (FFr) | 5.8364 | +0.0206 | 352 - 375 | 5.8464 | 5.8040 | 5.8257 | 2.2 | 5.8047 | 2.2 | 5.6964 | 2.4 | 105.6 |
| Germany | (DM) | 1.7317 | +0.0069 | 312 - 321 | 1.7348 | 1.7205 | 1.7285 | 2.2 | 1.722 | 2.3 | 1.6883 | 2.5 | 104.5 |
| Greece | (Dr) | 275.070 | +1.83 | 030 - 110 | 276.320 | 272.720 | 276.625 | -6.8 | 279.195 | -6.0 | 290.22 | -5.5 | 65.5 |
| Ireland | (I£) | 1.5020 | -0.045 | 010 - 030 | 1.5390 | 1.4855 | 1.5015 | 0.4 | 1.501 | 0.3 | 1.5023 | 0.0 | - |
| Italy | (L) | 1711.88 | +2.6 | 125 - 250 | 1716.00 | 1706.90 | 1714.88 | -2.1 | 1719.73 | -1.8 | 1729.53 | -1.0 | 75.8 |
| Luxembourg | (LFr) | 35.7200 | +0.13 | 000 - 400 | 35.8000 | 35.4980 | 35.66 | 2.0 | 35.5325 | 2.1 | 34.9925 | 2.0 | 103.2 |
| *Netherlands* | (Fl) | *1.9491* | *+0.0079* | *477 - 484* | *1.9516* | *1.9356* | *1.9443* | *2.3* | *1.9363* | *2.4* | *1.9007* | *2.4* | *102.7* |
| Norway | (NKr) | 7.1208 | +0.0391 | 183 - 233 | 7.1420 | 7.0760 | 7.117 | 0.6 | 7.1114 | 0.5 | 7.0858 | 0.5 | 98.8 |
| Portugal | (Es) | 173.745 | +0.925 | 720 - 770 | 174.120 | 172.390 | 173.875 | -0.9 | 174.025 | -0.6 | 173.76 | 0.0 | 95.0 |
| Spain | (Pta) | 146.075 | +0.47 | 060 - 090 | 146.350 | 145.140 | 146.165 | -0.7 | 146.285 | -0.6 | 146.08 | 0.0 | 77.7 |
| Sweden | (SKr) | 7.8455 | +0.0203 | 417 - 492 | 7.8503 | 7.8076 | 7.8427 | 0.4 | 7.8329 | 0.6 | 7.7855 | 0.8 | 83.1 |
| *Switzerland* | (SFr) | *1.4734* | *+0.0066* | *730 - 738* | *1.4757* | *1.4640* | *1.4687* | *3.9* | *1.4592* | *3.9* | *1.4137* | *4.1* | *104.0* |
| UK | (£) | 1.6226 | -0.0087 | 222 - 230 | 1.6330 | 1.6209 | 1.6219 | 0.5 | 1.6203 | 0.6 | 1.6139 | 0.5 | 100.1 |
| Ecu | - | 1.1277 | -0.0046 | 272 - 281 | 1.1328 | 1.1250 | 1.1288 | -1.2 | 1.1314 | -1.3 | 1.1466 | -1.7 | - |
| SDR† | - | 0.733224 | - | - | - | - | - | - | - | - | - | - | - |
| **Americas** | | | | | | | | | | | | | |
| Argentina | (Peso) | 0.9998 | -0.0001 | 997 - 998 | 0.9999 | 0.9999 | - | - | - | - | - | - | - |
| Brazil | (R$) | 1.0636 | +0.0007 | 634 - 637 | 1.0644 | 1.0629 | - | - | - | - | - | - | - |
| Canada | (C$) | 1.3977 | -0.0003 | 974 - 979 | 1.3987 | 1.3962 | 1.3948 | 2.4 | 1.3896 | 2.3 | 1.3682 | 2.1 | 84.0 |
| Mexico | (New Peso) | 7.9525 | -0.039 | 500 - 550 | 7.9570 | 7.9500 | 8.0705 | -17.8 | 8.337 | -19.3 | 9.1975 | -15.7 | - |
| USA | ($) | - | - | - | - | - | - | - | - | - | - | - | 106.9 |
| **Pacific/Middle East/Africa** | | | | | | | | | | | | | |
| Australia | (A$) | 1.2793 | -0.0009 | 789 - 798 | 1.2800 | 1.2784 | 1.28 | -0.7 | 1.2808 | -0.5 | 1.2861 | -0.5 | 101.0 |
| Hong Kong | (HK$) | 7.7465 | - | 460 - 470 | 7.7475 | 7.7460 | 7.7464 | 0.0 | 7.747 | 0.0 | 7.758 | -0.1 | - |
| India | (Rs) | 35.7550 | +0.01 | 300 - 800 | 35.7850 | 35.7250 | 35.97 | -7.2 | 36.43 | -7.6 | - | - | - |
| Israel | (Shk) | 3.4061 | +0.0009 | 043 - 079 | 3.4085 | 3.4030 | - | - | - | - | - | - | - |
| Japan | (Y) | 126.910 | +0.155 | 860 - 960 | 127.000 | 126.650 | 126.375 | 5.1 | 125.35 | 4.9 | 120.55 | 5.0 | 121.1 |
| Malaysia | (M$) | 2.5100 | -0.0013 | 095 - 105 | 2.5117 | 2.5070 | 2.5128 | -1.4 | 2.5182 | -1.3 | 2.5395 | -1.2 | - |
| New Zealand | (NZ$) | 1.4421 | +0.003 | 413 - 428 | 1.4432 | 1.4410 | 1.4444 | -1.9 | 1.4487 | -1.8 | 1.4694 | -1.9 | - |
| Philippines | (Peso) | 26.3700 | - | 500 - 900 | 26.3900 | 26.3500 | - | - | - | - | - | - | - |
| Saudi Arabia | (SR) | 3.7505 | - | 504 - 506 | 3.7507 | 3.7503 | 3.7508 | -0.1 | 3.7512 | -0.1 | 3.7531 | -0.1 | - |
| Singapore | (S$) | 1.4463 | +0.0018 | 458 - 468 | 1.4470 | 1.4437 | 1.4441 | 1.8 | 1.4395 | 1.9 | 1.4183 | 1.9 | - |
| South Africa | (R) | 4.4465 | +0.0057 | 450 - 480 | 4.4480 | 4.4335 | 4.4872 | -11.0 | 4.5622 | -10.4 | 4.877 | -9.7 | - |
| South Korea | (Won) | 892.000 | -1 | 000 - 000 | 894.000 | 890.000 | - | - | - | - | - | - | - |
| Taiwan | (T$) | 27.6600 | -0.01 | 400 - 800 | 27.6840 | 27.6300 | 27.6601 | 0.0 | 27.6603 | 0.0 | - | - | - |
| Thailand | (Bt) | 26.1250 | +0.01 | 000 - 500 | 26.1540 | 26.1000 | 26.215 | -4.1 | 26.3825 | -3.9 | 27.02 | -3.4 | - |

† SDR rate per $ for Apr 29. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Apr 29: Base average 1990=100. The exchange rates printed in this table are also available on the internet at http://www.FT.com

## WORLD INTEREST RATES

### MONEY RATES

| April 30 | Over night | One month | Three mths | Six mths | One year | Lomb. Inter. | Dis. rate | Repo rate |
|---|---|---|---|---|---|---|---|---|
| Belgium | 3 3/16 | 3 3/16 | 3¼ | 3 5/16 | 3 13/32 | 6.00 | 2.50 | - |
| France | 3¼ | 3⅜ | 3 13/32 | 3½ | 3 9/16 | 3.10 | - | 4.75 |
| Germany | 3 1/16 | 3⅛ | 3 3/16 | 3¼ | 3 5/16 | 4.50 | 2.50 | 3.00 |
| Ireland | 6⅞ | 6¼ | 6¼ | 6¼ | 6½ | - | - | 6.25 |
| Italy | 7 1/16 | 6 29/32 | 6¾ | 6 21/32 | 6 19/32 | 8.25 | 6.75 | 7.34 |
| Netherlands | 3½ | 3¼ | 3 5/16 | 3½ | 3 11/32 | - | 3.00 | 3.30 |
| Switzerland | 2 | 1¾ | 1 9/16 | 1 9/16 | 1½ | - | 1.00 | - |
| US | 5½ | 5 19/32 | 5¾ | 5 15/16 | 6 1/16 | - | 5.00 | - |
| Japan | ⅛ | ⅜ | 9/16 | ⅝ | 3/4 | - | 0.50 | - |
| ■ $ LIBOR FT London | | | | | | | | |
| Interbank Fixing | - | 5 9/16 | 5 13/16 | 6 | 6 5/16 | - | - | - |
| US Dollar CDs | - | 5.54 | 5.68 | 5.84 | 6.20 | - | - | - |
| ECU Linked Ds | - | 4 1/16 | 4 3/16 | 4⅜ | 4¼ | - | - | - |
| SDR Linked Ds | - | 3½ | 3⅝ | 3½ | 3 13/16 | - | - | - |

$ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo Mitsubishi, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US$ CDs, ECU & SDR Linked Deposits (Ds).

### EURO CURRENCY INTEREST RATES

| Apr 30 | Short term | 7 days notice | One month | Three months | Six months | One year |
|---|---|---|---|---|---|---|
| Belgian Franc | 3¼ - 3¼ | 3⅛ - 3 1/16 | 3¼ - 3 5/32 | 3 9/32 - 3 3/16 | 3⅜ - 3 9/32 | 3 15/32 - 3⅜ |
| Danish Krone | 3 11/16 - 3¼ | 3 9/16 - 3 15/32 | 3⅝ - 3½ | 3 11/16 - 3 9/16 | 3 25/32 - 3⅝ | 3 15/16 - 3 25/32 |
| German Mark | 3⅛ - 2⅞ | 3 5/32 - 3 1/16 | 3 3/32 - 2 31/32 | 3 3/32 - 3 | 3 5/16 - 3 3/16 | 3 7/16 - 3 5/16 |
| Dutch Guilder | 3⅛ - 3 | 3 7/32 - 3 3/32 | 3 5/16 - 3 3/16 | 3 7/32 - 3 3/32 | 3¼ - 3 | 3 15/32 - 3 5/16 |
| French Franc | 3¼ - 3 5/32 | 3 9/32 - 3 5/32 | 3⅜ - 3¼ | 3 15/32 - 3⅜ | 3 17/32 - 3 7/16 | 3⅝ - 3 15/32 |
| Portuguese Esc. | 6 9/32 - 6 5/32 | 6 5/16 - 6 3/32 | 6 - 5 29/32 | 5 27/32 - 5¾ | 5¾ - 5 21/32 | 5 23/32 - 5⅝ |
| Spanish Peseta | 5 19/32 - 5½ | 5 19/32 - 5½ | 5 17/32 - 5½ | 5 7/16 - 5 13/32 | 5⅜ - 5 11/32 | 5⅜ - 5 11/32 |
| Sterling | 6⅛ - 6 | 6⅛ - 6 | 6¼ - 6 3/16 | 6½ - 6 7/16 | 6 11/16 - 6⅝ | 7 1/16 - 6 15/16 |
| *Swiss Franc* | 2¼ - 1¾ | 1⅝ - 1½ | 1 19/32 - 1 15/32 | 1 19/32 - 1 15/32 | 1 15/32 - 1 7/16 | 1 19/32 - 1 15/32 |
| Canadian Dollar | 3¼ - 3⅛ | 3⅛ - 3 | 3 7/32 - 3 3/32 | 3 13/32 - 3 9/32 | 3 25/32 - 3 19/32 | 4 5/16 - 4 3/16 |
| US Dollar | 5¾ - 5⅝ | 5½ - 5 15/32 | 5 21/32 - 5 9/16 | 5 27/32 - 5 23/32 | 6 - 5 27/32 | 6 5/16 - 6 7/32 |
| Italian Lira | 7 7/16 - 6 7/16 | 7 1/16 - 6 31/32 | 7 1/32 - 6 15/16 | 6 15/16 - 6 27/32 | 6⅞ - 6 25/32 | 6 13/16 - 6 11/16 |
| Japanese Yen | 5/16 - 17/32 | 9/16 - 17/32 | 9/16 - 17/32 | 19/32 - 9/16 | 21/32 - ⅝ | 27/32 - 25/32 |
| Asian $Sing | 3⅜ - 3¼ | 3½ - 3⅜ | 3½ - 3⅜ | 3½ - 3⅜ | 3½ - 3⅜ | 3 9/16 - 3 7/16 |

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ **THREE MONTH PIBOR FUTURES** (MATIF) Paris Interbank offered rate

| | Open | Sett price | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Jun | *96.40* | 96.42 | *+0.04* | *96.42* | 96.39 | *21,457* | *69,042* |
| Sep | 96.46 | 96.50 | +0.05 | 96.50 | 96.46 | 12,797 | 56,224 |
| Dec | 96.43 | 96.47 | +0.05 | 96.47 | 96.42 | 951 | 34,417 |

■ **THREE MONTH EUROMARK FUTURES** (LIFFE)* DM1m points of 100%

| | Open | Sett price | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Jun | 96.76 | 96.77 | +0.02 | 96.77 | 96.75 | 16786 | 235276 |
| Sep | 96.72 | 96.72 | +0.01 | 96.72 | 96.69 | 21151 | 207947 |
| Dec | 96.58 | 96.59 | +0.02 | 96.59 | 96.56 | 23705 | 229216 |
| Mar | 96.43 | 96.45 | +0.03 | 96.46 | 96.41 | 17005 | 193682 |

■ **ONE MONTH EUROMARK FUTURES** (LIFFE)* DM3m points of 100%

| | Open | Sett price | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| May | 96.80 | 96.80 | +0.01 | 96.81 | 96.80 | 200 | 4342 |
| *Jun* | | *96.79* | *+0.01* | | | *0* | *725* |
| Jul | | 96.78 | +0.01 | | | 0 | 300 |
| Aug | | 96.76 | - | | | 0 | 5 |

■ **THREE MONTH EUROLIRA FUTURES** (LIFFE)* L1000m points of 100%

| | Open | Sett price | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Jun | 93.17 | 93.23 | +0.08 | 93.26 | 93.14 | 31896 | 116794 |
| Sep | 93.45 | 93.50 | +0.09 | 93.53 | 93.41 | 17822 | 79429 |
| Dec | 93.57 | 93.63 | +0.08 | 93.66 | 93.55 | 4233 | 51533 |
| Mar | 93.60 | 93.65 | +0.08 | 93.67 | 93.56 | 1860 | 33500 |

■ **THREE MONTH EURO SWISS FRANC FUTURES** (LIFFE) SFr1m points of 100%

| | Open | Sett price | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Jun | 98.22 | 98.21 | +0.01 | 98.22 | 98.18 | 5780 | 51661 |
| Sep | 98.19 | 98.20 | +0.02 | 98.20 | 98.15 | 4497 | 34309 |
| Dec | 98.07 | 98.09 | +0.04 | 98.10 | 98.02 | 2398 | 23008 |
| Mar | 97.98 | 98.00 | +0.05 | 98.00 | 97.93 | 477 | 9374 |

■ **THREE MONTH EUROYEN FUTURES** (LIFFE) Y100m points of 100%

| | Open | Sett price | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Jun | | 99.35 | - | | | 0 | na |
| Sep | | 99.18 | -0.01 | | | 0 | na |
| Dec | | 98.98 | -0.02 | | | 0 | na |

■ **THREE MONTH ECU FUTURES** (LIFFE) Ecu1m points of 100%

| | Open | Sett price | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Jun | 95.83 | 95.84 | +0.02 | 95.85 | 95.81 | 1481 | 8073 |
| Sep | 95.81 | 95.84 | +0.03 | 95.84 | 95.80 | 577 | 5179 |
| Dec | 95.71 | 95.74 | +0.03 | 95.74 | 95.71 | 115 | 5617 |
| Mar | 95.65 | 95.65 | +0.04 | 95.65 | 95.65 | 50 | 3868 |

* LIFFE futures also traded on APT

■ **EUROLIRA OPTIONS** (LIFFE) L1000m points of 100%

| Strike Price | CALLS Jun | CALLS Sep | CALLS Dec | PUTS Jun | PUTS Sep | PUTS Dec |
|---|---|---|---|---|---|---|
| 9300 | 0.32 | 0.65 | 0.80 | 0.09 | 0.15 | 0.17 |
| 9325 | 0.15 | 0.47 | 0.62 | 0.17 | 0.22 | 0.24 |
| 9350 | 0.06 | 0.31 | 0.46 | 0.33 | 0.31 | 0.33 |

Est. vol. total, Calls 2600 Puts 5145. *Previous day's open int.*, Calls 145523 Puts 72209

## CROSS RATES AND DERIVATIVES

### EXCHANGE CROSS RATES

| Apr 30 | | BFr | DKr | FFr | DM | I£ | L | Fl | NKr | Es | Pta | SKr | SFr | £ | C$ | $ | Y | Ecu |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Belgium | (BFr) | 100 | 18.44 | 16.34 | 4.848 | 1.863 | 4793 | 5.454 | 19.93 | 486.4 | 408.9 | 21.96 | 4.125 | 1.725 | 3.913 | 2.800 | 355.2 | 2.483 |
| Denmark | (DKr) | 54.22 | 10 | 8.859 | 2.629 | 1.010 | 2599 | 2.957 | 10.80 | 263.7 | 221.7 | 11.91 | 2.237 | 0.935 | 2.122 | 1.518 | 192.6 | 1.346 |
| France | (FFr) | 61.20 | 11.29 | 10 | 2.967 | 1.140 | 2933 | 3.338 | 12.20 | 297.7 | 250.3 | 13.44 | 2.525 | 1.056 | 2.395 | 1.714 | 217.4 | 1.520 |
| Germany | (DM) | 20.63 | 3.804 | 3.370 | 1 | 0.384 | 988.6 | 1.125 | 4.110 | 100.3 | 84.34 | 4.530 | 0.851 | 0.356 | 0.807 | 0.578 | 73.27 | 0.512 |
| Ireland | (I£) | 53.67 | 9.898 | 8.769 | 2.602 | 1 | 2572 | 2.927 | 10.69 | 261.0 | 219.4 | 11.79 | 2.214 | 0.926 | 2.100 | 1.503 | 190.6 | 1.332 |
| Italy | (L) | 2.086 | 0.385 | 0.341 | 0.101 | 0.039 | 100. | 0.114 | 0.416 | 10.15 | 8.531 | 0.458 | 0.086 | 0.036 | 0.082 | 0.058 | 7.412 | 0.052 |
| Netherlands | (Fl) | 18.34 | 3.382 | 2.996 | 0.889 | 0.342 | 878.8 | 1 | 3.654 | 89.18 | 74.98 | 4.027 | 0.756 | 0.316 | 0.717 | 0.513 | 65.14 | 0.455 |
| Norway | (NKr) | 50.18 | 9.255 | 8.199 | 2.433 | 0.935 | 2405 | 2.737 | 10 | 244.1 | 205.2 | 11.02 | 2.070 | 0.866 | 1.964 | 1.405 | 178.3 | 1.246 |
| Portugal | (Es) | 20.56 | 3.792 | 3.359 | 0.997 | 0.383 | 985.5 | 1.121 | 4.097 | 100. | 84.07 | 4.516 | 0.848 | 0.355 | 0.805 | 0.576 | 73.04 | 0.510 |
| Spain | (Pta) | 24.46 | 4.511 | 3.996 | 1.186 | 0.456 | 1172 | 1.334 | 4.873 | 118.9 | 100. | 5.371 | 1.009 | 0.422 | 0.957 | 0.685 | 86.88 | 0.607 |
| Sweden | (SKr) | 45.53 | 8.397 | 7.439 | 2.207 | 0.848 | 2182 | 2.483 | 9.073 | 221.4 | 186.2 | 10 | 1.878 | 0.786 | 1.782 | 1.275 | 161.7 | 1.130 |
| *Switzerland* | (SFr) | *24.24* | *4.471* | *3.961* | *1.175* | *0.452* | *1162* | *1.322* | *4.831* | *117.9* | *99.12* | *5.324* | *1* | *0.418* | *0.949* | *0.679* | *86.11* | *0.602* |
| UK | (£) | 57.98 | 10.69 | 9.470 | 2.810 | 1.080 | 2778 | 3.161 | 11.55 | 281.9 | 237.0 | 12.73 | 2.391 | 1 | 2.268 | 1.623 | 205.9 | 1.439 |
| Canada | (C$) | 25.56 | 4.713 | 4.175 | 1.239 | 0.476 | 1225 | 1.394 | 5.093 | 124.3 | 104.5 | 5.613 | 1.054 | 0.441 | 1 | 0.716 | 90.78 | 0.634 |
| US | ($) | 35.71 | 6.587 | 5.835 | 1.731 | 0.665 | 1712 | 1.948 | 7.116 | 173.7 | 146.0 | 7.843 | 1.473 | 0.616 | 1.397 | 1 | 126.9 | 0.887 |
| Japan | (Y) | 28.15 | 5.192 | 4.599 | 1.365 | 0.525 | 1349 | 1.535 | 5.610 | 136.9 | 115.1 | 6.183 | 1.161 | 0.486 | 1.102 | 0.788 | 100. | 0.699 |
| Ecu | | 40.28 | 7.429 | 6.581 | 1.953 | 0.751 | 1931 | 2.197 | 8.026 | 195.6 | 164.7 | 8.848 | 1.662 | 0.695 | 1.576 | 1.128 | 143.1 | 1 |

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ **D-MARK FUTURES** (IMM) DM 125,000 per DM

| | Open | Latest | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Jun | 0.5817 | 0.5796 | -0.0025 | 0.5832 | 0.5788 | 20,978 | 81,107 |
| Sep | 0.5838 | 0.5830 | -0.0030 | 0.5838 | 0.5827 | 124 | 3,165 |
| Dec | - | 0.5880 | -0.0021 | - | 0.5880 | 10 | 326 |

■ **SWISS FRANC FUTURES** (IMM) SFr 125,000 per SFr

| | Open | Latest | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Jun | 0.6844 | 0.6818 | -0.0033 | 0.6866 | 0.6818 | 12,323 | 44,767 |
| Sep | 0.6910 | 0.6887 | -0.0034 | 0.6910 | 0.6887 | 43 | 2,139 |
| Dec | 0.6963 | 0.6963 | -0.0032 | 0.6963 | 0.6963 | 100 | 428 |

■ **JAPANESE YEN FUTURES** (IMM) Yen 12.5 per Yen 100

| | Open | Latest | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Jun | 0.7940 | 0.7932 | -0.0005 | 0.7946 | 0.7929 | 9,779 | 85,043 |
| Sep | 0.8051 | 0.8039 | -0.0006 | 0.8051 | 0.8038 | 276 | 1,493 |
| Dec | 0.8144 | 0.8144 | -0.0014 | 0.8144 | 0.8144 | 3 | 707 |

■ **STERLING FUTURES** (IMM) £62,500 per £

| | Open | Latest | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Jun | 1.6300 | 1.6220 | -0.0088 | 1.6320 | 1.6206 | 19,008 | 39,760 |
| Sep | 1.6298 | 1.6190 | -0.0092 | 1.6298 | 1.6160 | 42 | 916 |
| Dec | - | 1.6160 | -0.0098 | - | 1.6150 | 2 | 101 |

## UK INTEREST RATES

### LONDON MONEY RATES

| Apr 30 | Over-night | 7 days notice | One month | Three months | Six months | One year |
|---|---|---|---|---|---|---|
| Interbank Sterling | 7 - 5 | 6 1/16 - 5⅞ | 6 5/16 - 6⅛ | 6⅝ - 6 7/16 | 6 13/16 - 6 11/16 | 7 1/16 - 6 29/32 |
| Sterling CDs | - | - | 6 5/16 - 6⅛ | 6 19/32 - 6 15/32 | 6 25/32 - 6 21/32 | 6⅞ - 6 25/32 |
| Treasury Bills | - | - | 6 5/16 - 6 1/16 | 6 7/16 - 6 5/16 | - | - |
| Bank Bills | - | - | 6 5/16 - 6 1/16 | 6 19/32 - 6 15/32 | 6 9/16 - 6 7/16 | - |
| Local authority deps. | 6 - 5⅞ | 6 - 5⅞ | 6 1/16 - 6 | 6 5/16 - 6 3/16 | 6 9/16 - 6 7/16 | 6 15/16 - 6 13/16 |
| Discount Market deps | 6 - 5⅞ | 6 - 5⅞ | - | - | - | - |

UK clearing bank base lending rate 6 per cent from October 30, 1996

| | Up to 1 month | 1-3 month | 3-6 months | 6-9 months | 9-12 months |
|---|---|---|---|---|---|
| *Certs of Tax dep. (£100,000)* | 2½ | 5½ | 5 | 5 | 4¾ |

Certs of Tax dep. under £100,000 is 2½pc. Deposits withdrawn for cash 1¼pc. Ave. tender rate of discount on Apr 25, 6.1346pc. ECGD fixed rate Stlg. Export Finance. Make up day Apr 30, 1997. Agreed rate for period May 26, 1997 to Jun 24, 1997, Scheme III 7.71pc. Reference rate for period Mar 28, 1997 to Apr 30, 1997, Schemes IV & V 6.450pc. Finance House Base Rate 6½pc from Apr 1, 1997

■ **THREE MONTH STERLING FUTURES** (LIFFE) £500,000 points of 100%

| | Open | Sett price | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Jun | *93.40* | *93.39* | *+0.01* | 93.42 | 93.37 | 22007 | 118441 |
| Sep | 93.12 | 93.16 | +0.05 | 93.18 | 93.11 | 23522 | 94276 |
| Dec | 92.92 | 92.98 | +0.08 | 92.99 | 92.90 | 24878 | 80752 |
| Mar | 92.76 | 92.83 | +0.09 | 92.85 | 92.75 | 9730 | 51970 |
| *Jun* | 92.65 | 92.73 | +0.10 | 92.74 | 92.64 | 5723 | 41044 |

Also traded on APT. All Open interest figs. are for previous day.

■ **SHORT STERLING OPTIONS** (LIFFE) £500,000 points of 100%

| Strike Price | CALLS Jun | CALLS Sep | CALLS Dec | PUTS Jun | PUTS Sep | PUTS Dec |
|---|---|---|---|---|---|---|
| 9325 | 0.19 | 0.14 | 0.15 | 0.05 | 0.23 | 0.42 |
| 9350 | 0.04 | 0.05 | 0.07 | 0.15 | 0.39 | 0.59 |
| 9375 | *0* | *0.02* | 0.03 | 0.36 | 0.61 | 0.80 |

Est. vol. total, Calls 2775 Puts 2522. Previous day's open int., Calls 168211 Puts 186177

### EMS EUROPEAN CURRENCY UNIT RATES

| Apr 30 | Ecu cen. rates | Rate against Ecu | Change on day | % +/- from cen. rate | % spread v weakest | Div. ind. |
|---|---|---|---|---|---|---|
| Ireland | 0.798709 | 0.755291 | +0.020555 | -5.44 | 8.19 | 37 |
| Portugal | 197.398 | 196.769 | +0.381 | -0.32 | 2.63 | 2 |
| Finland | 5.85424 | 5.88446 | -0.03218 | 0.52 | 1.78 | -3 |
| Spain | 163.826 | 165.457 | +0.284 | 1.00 | 1.30 | -7 |
| Denmark | 7.34555 | 7.46141 | -0.00442 | 1.58 | 0.72 | -11 |
| Netherlands | 2.16979 | 2.20454 | -0.00109 | 1.60 | 0.69 | -12 |
| Germany | 1.92573 | 1.95997 | -0.00062 | 1.78 | 0.52 | -18 |
| Italy | 1906.48 | 1940.86 | -1.67 | 1.80 | 0.49 | -13 |
| Belgium | 39.7191 | 40.4422 | -0.0107 | 1.82 | 0.48 | -13 |
| Austria | 13.5485 | 13.8004 | +0.0017 | 1.86 | 0.44 | -14 |
| France | 6.45863 | 6.60762 | -0.00133 | 2.31 | 0.00 | -19 |
| NON ERM MEMBERS | | | | | | |
| Greece | 295.269 | 311.439 | +0.82 | 5.48 | -3.00 | - |
| UK | 0.793103 | 0.696771 | -0.000657 | -12.15 | 16.45 | - |

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. 17/9/92: Sterling suspended from ERM. Adjustment calculated by the Financial Times.

■ **PHILADELPHIA SE £/$ OPTIONS** £31,250 (cents per pound)

| Strike Price | CALLS May | CALLS Jun | CALLS Jul | PUTS May | PUTS Jun | PUTS Jul |
|---|---|---|---|---|---|---|
| *1.620* | *1.59* | *2.23* | *2.13* | *0.41* | 1.13 | 2.11 |
| 1.630 | 0.97 | 1.66 | 1.68 | 0.79 | 1.57 | 2.61 |
| 1.640 | 0.54 | 1.22 | 1.30 | 1.36 | 2.12 | - |

Previous day's vol., Calls 1,201 Puts 287 . Prev. day's open int., Calls 32,716 Puts 32,802

■ **PHILADELPHIA SE D-MARK/$ OPTIONS** DM62,500 ($ per DM)

| Strike Price | CALLS May | CALLS Jun | CALLS Jul | PUTS May | PUTS Jun | PUTS Jul |
|---|---|---|---|---|---|---|
| *0.580* | *0.45* | *0.79* | *1.05* | *0.39* | *0.60* | 0.78 |
| 0.585 | 0.25 | 0.54 | 0.80 | 0.67 | 0.87 | 1.01 |
| 0.590 | 0.13 | 0.37 | 0.60 | 1.03 | 1.20 | 1.32 |

Previous day's vol., Calls 439 Puts 1,947 . Prev. day's open int., Calls 25,472 Puts 40,609

■ **THREE MONTH EURODOLLAR** (IMM) $1m points of 100%

| | Open | Latest | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Jun | 94.08 | 94.05 | -0.03 | 94.09 | 94.02 | 174,550 | 475,357 |
| Sep | 93.88 | 93.83 | -0.05 | 93.89 | 93.79 | 200,779 | 414,400 |
| Dec | 93.62 | 93.57 | -0.04 | 93.62 | 93.52 | 264,169 | 316,400 |

■ **US TREASURY BILL FUTURES** (IMM) $1m per 100%

| | Open | Latest | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Jun | 94.65 | 94.64 | -0.03 | 94.65 | 94.63 | 763 | 6,912 |
| Sep | - | 94.41 | -0.03 | - | 94.41 | 24 | 3,706 |
| Dec | - | 94.50 | - | - | - | - | - |

All Open interest figs. are for previous day

■ **EUROMARK OPTIONS** (LIFFE) DM1m points of 100%

| Strike Price | CALLS May | CALLS Jun | CALLS Jul | CALLS Sep | PUTS May | PUTS Jun | PUTS Jul | PUTS Sep |
|---|---|---|---|---|---|---|---|---|
| 9675 | 0.04 | 0.05 | 0.04 | 0.06 | 0.02 | 0.03 | 0.07 | 0.09 |
| 9700 | 0 | 0.01 | 0.01 | 0.01 | 0.23 | 0.24 | 0.29 | 0.29 |
| 9725 | 0 | 0 | 0 | 0 | 0.48 | 0.48 | 0.53 | 0.53 |

Est. vol. total, Calls 5783 Puts 1015. Previous day's open int., Calls 478521 Puts 287708

■ **EURO SWISS FRANC OPTIONS** (LIFFE) SFr 1m points of 100%

| Strike Price | CALLS Jun | CALLS Sep | CALLS Dec | PUTS Jun | PUTS Sep | PUTS Dec |
|---|---|---|---|---|---|---|
| 9825 | 0.07 | 0.11 | 0.16 | 0.11 | 0.16 | 0.32 |
| 9850 | 0.01 | 0.03 | 0.07 | 0.30 | 0.33 | 0.48 |

Est. vol. total, Calls 0 Puts 0. Previous day's open int., Calls 1475 Puts 1840

## BASE LENDING RATES

| | % | | % | | % |
|---|---|---|---|---|---|
| Adam & Company | 6.00 | Duncan Lawrie | 6.00 | Royal Bk of Scotland | 6.00 |
| Allied Irish Bank (GB) | 6.00 | Exeter Bank Limited | 7.00 | ●Singer & Friedlander | 6.00 |
| ●Henry Ansbacher | 6.00 | Financial & Gen Bank | 7.00 | ●Smith & Williamson Secs | 6.00 |
| Bank of Baroda | 6.00 | ●Robert Fleming & Co | 6.00 | Scottish Widows Bank | 6.00 |
| Banco Bilbao Vizcaya | 6.00 | ●Guinness Mahon | 6.00 | TSB | 6.00 |
| Bank of Cyprus | 6.00 | Habib Bank AG Zurich | 6.00 | United Bank of Kuwait | 6.00 |
| *Bank of Ireland* | 6.00 | ●Hambros Bank | 6.00 | Unity Trust Bank Plc | 6.00 |
| Bank of India | 6.00 | Heritable & Gen Inv Bk | 6.00 | Western Trust | 6.00 |
| Bank of Scotland | 6.00 | ●Hill Samuel | 6.0 | *Whiteaway Laidlaw* | *6.00* |
| Barclays Bank | 6.00 | C. Hoare & Co | 6.00 | Yorkshire Bank | 6.00 |
| *Brit Bk of Mid East* | 6.00 | Hongkong & Shanghai | 6.00 | | |
| ●Brown Shipley & Co Ltd | 6.00 | *Investec Bank (UK) Ltd* | 6.00 | ● *Members of London Investment Banking Association* | |
| Citibank NA | 6.00 | Julian Hodge Bank | 6.00 | * In administration | |
| Clydesdale Bank | 6.00 | ●Leopold Joseph & Sons | 6.00 | | |
| *The Co-operative Bank* | 6.00 | Lloyds Bank | 6.00 | | |
| Coutts & Co | 6.00 | Midland Bank | 6.00 | | |
| Cyprus Popular Bank | 6.00 | NatWestminster | 6.00 | | |
| | | ●Rea Brothers | 6.00 | | |

## COMMODITIES AND AGRICULTURE

# Lack of rain threatens peanut prices

By Gary Mead

Crunch it, spread it, grind it or merely chew it – the peanut is one of the world's favourite snack foods and an important source of protein. But unless there is a wet summer in the US, peanut lovers could face much higher retail prices later this year, because of a serious drought in Argentina, one of the world's leading producers.

Argentina's early peanut harvest is now under way and is proving a big disappointment. With about a quarter of the harvest now dug out of the ground, it is clear that the almost complete absence of rain in Argentina between mid-January and March has seriously damaged the crop.

Instead of the anticipated minimum of 1,500kg a hectare, farmers are garnering 1,000kg or less. Prices have soared as a result, from about $700 a tonne in January to more than $900 a tonne.

The harvest of the later crop will start in a couple of weeks, but traders are concerned that it too will be disappointing, again due to insufficient rainfall.

In the last three years, Argentina has begun to challenge China and India for the position of the world's second biggest producer of peanuts, after the US. In 1994, Argentina exported 120,000 tonnes; by 1996 that had increased to 280,000 tonnes, and the market expected 300,000 tonnes this year.

Moreover, Argentine peanuts are rated as being of high quality, superior to India's. In addition, as much of China's output is for domestic consumption, the Argentine crop has become an important influence on prices.

The country's recent lack of rain now means it will export as little as 160,000 tonnes this year, according to Mr Peter Morgan, a director of Barrow, Lane and Ballard, the London-based trader of edible nuts.

"I doubt that the current price rise will filter through to the consumer," he said. "Manufacturers will probably take it on the chin and absorb the rises, simply because the big retailers have so much muscle."

Mr Morgan said that US farmers would probably increase their plantings as a result of Argentina's shortfall, and that as a consequence prices may fall later in the year.

The US produced 1.822m tonnes in 1996. Planting is now beginning, and the harvest season will run from August to October.

However, Mr Morgan sounded a warning note: "What worries the peanut industry is that we are now in a very vulnerable position. We are going into the autumn of 1997 banking on the US producing a good crop. But if it has a long hot dry summer, then we will be in for a very rough ride."

# MG to move metal trading to London

By Graham Bowley in Frankfurt

Metallgesellschaft, the German industrial and trading group, is moving all of its physical metal trading from Frankfurt to London and New York, in a surprise shake-up of its international trading operations.

The group also announced yesterday it intended to buy the copper trading business and some other assets of Cerro Sales Corporation from Marmon, a privately owned US group, for an undisclosed sum this month.

The moves deal a blow to Frankfurt's ambitions to become a leading trading centre. They also signal Metallgesellschaft's ambitious expansion plans after its near-collapse three years ago following heavy losses on US oil futures trading.

"The move makes great sense because the metals business is really concentrated in London where the LME [London Metals Exchange] is," said Mr Ted Arnold, metals specialist at Merrill Lynch in London.

The company's metal trading operations, which have previously come under the control of MG Metal & Commodity in Frankfurt, would be transferred to MG Metal and Commodity Group.

This could mean the 56 jobs based in Frankfurt would be relocated to both London and New York. The company said the jobs trading metal concentrates would be transferred to New York, to join the 35 traders already there. The remaining dealing jobs would be moved to London, where it has 30 metals traders.

Chemicals trading would remain in Frankfurt. "All metals trading will be in London because the LME is there," a spokesman said.

Kajo Neukirchen: seeking acquisitions

In February, Mr Kajo Neukirchen, Metallgesellschaft chairman, indicated that the company was seeking acquisitions in its main sectors. He said it was aiming for a return on capital of 14 per cent in the medium term after 9 per cent last year.

In 1995-96, the company achieved a 70 per cent rise in its pre-tax profit to DM292m ($169m), prompting Mr Neukirchen to say the group was now "logically structured and financially sound. Hence it is strong enough to make sizeable acquisitions," he said at the time.

Analysts said the move to London was a vote of confidence by the Metallgesellschaft board in the group's UK trading operations after difficulties during the whole group's loss-making period.

"This is clear recognition that they have delivered the goods for the whole group," said one London analyst. "They are no longer seen as a risk and they are expanding business."

# Copper sees frenetic trade

MARKETS REPORT

By Gary Mead in London and Laurie Morse in Chicago

Frenetic late trading in copper on the London Metal Exchange yesterday saw the premium for cash metal compared with the price for three months' delivery move back up to $88 by the close.

The price for three months copper closed at $2,379, up $19 a tonne from the previous day's afternoon "kerb" trading. LME warehouse stocks of copper rose 2,675 tonnes, the first increase since February.

Jitters over physical supply still clouded trading, with a range of labour disputes and smelter shutdowns "potentially impacting around 1.5m tonnes of global mined at refined output at present", according to GNI Research.

Cocoa futures on the London International Financial Futures Exchange traded downwards, with the May contract closing down £9 at £966 a tonne, and the July down £4 to £997.

Specialists are beginning to revise upwards their forecast of this year's global supply, amid improved expectations from Ivory Coast.

Elsewhere on Liffe, robusta coffee futures finished the day higher on news of crop shortfalls from Colombia and Brazil, the latter now anticipating a 7.9 per cent reduction from last year's harvest. May rose $5 to $1,537 a tonne, while the July future closed $22 up on the day, at $1,620.

The Brent crude oil June future settled two cents lower at $18.59 a barrel in late trading, following American Petroleum Institute figures interpreted by dealers as largely neutral. The API said crude oil stocks rose by 1.87m barrels and gasoline fell by 408,000 barrels.

Soyabean futures on the Chicago Board of Trade jumped, with the nearby contract for May delivery at a record and contracts for July delivery reaching $8.91 a bushel by midday.

The gains came amid small but significant new export business that analysts say will further whittle away stocks. China and Taiwan have purchased US soyabeans recently, even though Brazil is believed to be offering cheaper prices.

"This is unexpected business at a time when the US carry-over [estimate] is already small," said Mr Dale Gustafson, of Smith Barney.

# Minorco plans Asia-Pacific push

By Nikki Tait in Sydney

Minorco, the Luxembourg-listed natural resources group 60 per cent-owned by Anglo American and De Beers of South Africa, plans a renewed push into the Asia-Pacific region. It is teaming up with Goldstream Mining, a small Australian exploration group with acreage in the Gawler Craton region of South Australia.

The deal will allow Minorco to participate in any of Goldstream's prospects, in return for funding all exploration expenditure through to the pre-feasibility study. Goldstream's main exploration prospects are in South Australia and Tasmania, although it also has joint-venture gold projects in Western Australia.

Minorco will take a 9.31 per cent stake in Goldstream, paying 58 cents a share or A$3.94m (US$3.08m). The funds which will be used to accelerate Goldstream's exploration efforts.

But Minorco made clear the deal was part of a broader effort to raise its profile in the Asia/Australasia region, saying two other deals were close.

One is in Papua New Guinea and involves a small Canadian mining company. Minorco said it was in "advanced negotiations" to farm into a couple of its properties in the southern Highlands region of PNG.

In addition, Minorco is holding two separate sets of talks on acreage in the Philippines. It said it expected one of these deals to come to fruition shortly.

Until last year, Minorco had exposure to the Asia-Pacific region through its 18.9 per cent interest in Normandy Mining, Australia's biggest gold producer. But it sold the holding to Newcrest Mining, another Australian gold producer, a year ago, prompting a long and complex tussle between the two groups.

Mr Paul Cahill, managing director of Minorco's new south-east Asian office, conceded that "top-level" relations with Normandy were now "strained" as a result.

Nevertheless, Minorco and Normandy retain a 50:50 exploration joint venture in Indonesia, and Mr Cahill said this would continue to provide exposure to that country, as well as to Laos and Vietnam.

# Chevron Nigeria gas on stream

By Antony Goldman in Lagos

Chevron Nigeria began production from its $569m Escravos Gas Project this week, boosting its environmental credentials as the first leading oil company to process the gas found during oil extraction, rather than flaring it.

"Gas is going through the system," said a company spokesman in the commercial capital Lagos. "Domestic sales of dry gas are expected to commence next month, with exports of liquefied petroleum gas beginning in July."

The Escravos Gas Project is the first of three ventures by western companies operating in Nigeria to exploit the country's huge reserves, estimated at around 177,000bn cubic feet.

Shell, Agip and Elf are involved in a $4bn project that is expected to enter production in 1999, while Mobil's $650m gas condensate plant at Oso is due for completion next year.

Until now, more than 90 per cent of gas in Nigeria has been flared during oil production, creating environmental concerns both among local communities in affected parts of the country and international activists.

For some time, the Nigerian government, which as a joint venture partner has submitted most of the capital for each of the three projects, has been anxious to develop the gas sector as a means of diversifying its revenue base and dealing with ecological concerns. It has set 2000 as a target for the end of all flaring in the Niger delta.

The first phase of the Escravos project, which was originally conceived seven years ago, will see flaring from Chevron installations in the region reduced by 40 per cent.

"The driving force for this project is environmental," a Chevron official acknowledged, "but it would not have been possible to have raised the funds necessary for development if it were not also a commercial proposition."

While the company is cagey about precise production or estimated revenue figures, it is confident that expanding interest in LPG will allow it to sell all of its product on the spot market.

The 40 per cent of output destined for the domestic market will be used to generate electricity and other industrial uses, officials said.

## COMMODITIES PRICES

## BASE METALS

### LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

| | Cash | 3 mths |
|---|---|---|
| Close | 1608.5-09.6 | 1635-36 |
| Previous | 1606.5-07.5 | 1632.5-33 |
| High/low | | 1645/1628 |
| AM Official | 1610-10.5 | 1635-36 |
| Kerb close | | 1645-46 |
| Open int. | 276,382 | |
| Total daily turnover | 82,388 | |

■ ALUMINIUM ALLOY ($ per tonne)

| | | |
|---|---|---|
| Close | 1475-80 | 1503-08 |
| Previous | 1475-80 | 1502-5 |
| High/low | | 1615/1595 |
| AM Official | 1470-75 | 1497-500 |
| Kerb close | | 1610-15 |
| Open int. | 5,546 | |
| Total daily turnover | 1,049 | |

■ LEAD ($ per tonne)

| | | |
|---|---|---|
| Close | 608.5-09.5 | 619-20 |
| Previous | 612-3 | 623-4 |
| High/low | | 624/616 |
| AM Official | 609-10 | 619.5-20.0 |
| Kerb close | | 622-23 |
| Open int. | 36,212 | |
| Total daily turnover | 8,709 | |

■ NICKEL ($ per tonne)

| | | |
|---|---|---|
| Close | 7205-10 | 7320-25 |
| Previous | 7195-205 | 7315-20 |
| High/low | | 7390/7230 |
| AM Official | 7225-30 | 7319-21 |
| Kerb close | | 7390-400 |
| Open int. | 49,227 | 17,774 |
| Total daily turnover | | |

■ TIN ($ per tonne)

| | | |
|---|---|---|
| Close | 5630-40 | 5680-85 |
| Previous | 5595-605 | 5650-55 |
| High/low | | 5710/5640 |
| AM Official | 5610-15 | 5650-55 |
| Kerb close | | 5700-710 |
| Open int. | 16,820 | |
| Total daily turnover | 3,638 | |

■ ZINC, special high grade ($ per tonne)

| | | |
|---|---|---|
| Close | 1244.5-45.5 | 1268-68.5 |
| Previous | 1240-41 | 1263-64 |
| High/low | 1246 | 1273.5/1265 |
| AM Official | 1245.5-46.0 | 1268-68.5 |
| Kerb close | | 1273.5-74.0 |
| Open int. | 86,643 | |
| Total daily turnover | 16,338 | |

■ COPPER, grade A ($ per tonne)

| | | |
|---|---|---|
| Close | 2426-31 | 2348-49 |
| Previous | 2428-31 | 2358-59 |
| High/low | 2412 | 2380/2325 |
| AM Official | 2412-14 | 2342-43 |
| Kerb close | | 2379-80 |
| Open int. | 138,337 | |
| Total daily turnover | 83,507 | |

■ LME AM Official £/$ rate: 1.6283
LME Closing £/$ rate: 1.6235

Spot: 1.6205 3 mths: 1.6179 6 mths: 1.6156 9 mths: 1.6130

■ HIGH GRADE COPPER (COMEX)

| | Sett price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| May | 112.50 | +1.95 | 112.50 | 109.00 | 3,472 | 8,068 |
| Jun | 111.95 | +1.90 | 112.10 | 108.75 | 198 | 2,357 |
| Jul | 111.35 | +1.80 | 111.70 | 108.15 | 4,875 | 21,564 |
| Aug | 109.35 | +1.30 | 108.40 | 107.00 | 1 | 1,031 |
| Sep | 108.05 | +1.25 | 108.30 | 105.20 | 157 | 4,804 |
| Oct | 107.05 | +1.20 | 105.10 | 105.10 | 13 | 850 |
| Total | | | | | 9,366 | 60,630 |

## PRECIOUS METALS

■ LONDON BULLION MARKET

(Prices supplied by N M Rothschild)

| Gold(Troy oz) | $ price | £ equiv | SFr equiv |
|---|---|---|---|
| Close | 339.85-340.35 | | |
| Opening | 340.30-340.80 | | |
| Morning fix | 340.45 | 208.801 | 498.781 |
| Afternoon fix | 340.15 | 209.465 | 501.041 |
| Day's High | 341.20-341.70 | | |
| Day's Low | 339.50-340.00 | | |
| Previous close | 339.60-340.10 | | |

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month ..........4.67 6 months ..........4.62
2 months ..........4.67 12 months ..........4.59
3 months ..........4.67

| Silver Fix | p/troy oz. | US cts equiv. |
|---|---|---|
| Spot | 286.10 | 466.25 |
| 3 months | 290.25 | 472.30 |
| 6 months | 294.35 | 478.25 |
| 1 year | 303.28 | 491.25 |

| Gold Coins | $ price | £ equiv. |
|---|---|---|
| Krugerrand | 341-343 | 210-212 |
| Maple Leaf | - | - |
| New Sovereign | 80-83 | 49-51 |

## Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

| | Sett price | Day's change | High | low | Vol | Open Int |
|---|---|---|---|---|---|---|
| May | 340.0 | -0.4 | - | - | - | - |
| Jun | 341.2 | -0.4 | 343.2 | 340.8 | 12,989 | 75,365 |
| Aug | 343.7 | -0.5 | 345.6 | 343.1 | 829 | 16,783 |
| Oct | 346.3 | -0.5 | 348.0 | 346.0 | 138 | 6,333 |
| Dec | 349.1 | -0.5 | 351.0 | 348.6 | 816 | 21,530 |
| Feb | 351.8 | -0.5 | 352.9 | 352.9 | 111 | 4,679 |
| Total | | | | | 15,349 | 163,595 |

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

| | | | | | | |
|---|---|---|---|---|---|---|
| Jul | 370.6 | -3.0 | 375.0 | 370.1 | 1,371 | 12,736 |
| Oct | 371.8 | -2.9 | 373.5 | 373.0 | 167 | 2,865 |
| Jan | 374.0 | -2.9 | 375.5 | 375.5 | 2 | 1,179 |
| Apr | 376.5 | -2.9 | 378.0 | 378.0 | 1 | 12 |
| Total | | | | | 1,761 | 16,792 |

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

| | | | | | | |
|---|---|---|---|---|---|---|
| Jun | 156.20 | -1.30 | 157.00 | 154.75 | 366 | 6,670 |
| Sep | 155.95 | -1.05 | 157.50 | 156.00 | 18 | 2,696 |
| Dec | 156.45 | -1.05 | - | - | - | 326 |
| Total | | | | | 384 | 9,692 |

■ SILVER COMEX (5,000 Troy oz.; Cents/troy oz.)

| | | | | | | |
|---|---|---|---|---|---|---|
| May | 464.7 | +2.8 | 470.5 | 461.0 | 16,115 | 9,843 |
| Jul | 469.3 | +2.3 | 476.0 | 467.0 | 18,711 | 56,494 |
| Sep | 474.1 | +2.3 | 480.0 | 472.0 | 889 | 5,551 |
| Dec | 481.4 | +2.3 | 486.5 | 480.0 | 1,051 | 6,939 |
| Jan | 483.7 | +3.0 | - | - | - | 17 |
| Mar | 489.0 | +2.3 | 496.0 | 492.5 | 415 | 6,591 |
| Total | | | | | 37,835 | 91,260 |

## ENERGY

■ CRUDE OIL NYMEX (1,000 barrels, $/barrel)

| | Latest price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| Jun | 20.33 | -0.11 | 20.40 | 20.18 | 55,392 | 100k |
| Jul | 20.32 | -0.07 | 20.40 | 20.19 | 17,336 | 52,288 |
| Aug | 20.28 | -0.05 | 20.30 | 20.14 | 7,917 | 28,652 |
| Sep | 20.20 | -0.07 | 20.23 | 20.12 | 2,257 | 16,882 |
| Oct | 20.15 | -0.07 | 20.15 | 20.13 | 772 | 15,177 |
| Nov | 20.13 | -0.04 | 20.13 | 20.13 | 523 | 13,544 |
| Total | | | | | n/a | n/a |

■ CRUDE OIL IPE ($/barrel)

| | Latest price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| Jun | 18.59 | -0.03 | 18.64 | 18.48 | 15,079 | 58,579 |
| Jul | 18.71 | +0.04 | 18.71 | 18.58 | 7,843 | 56,229 |
| Aug | 18.80 | +0.06 | 18.80 | 18.68 | 1,907 | 16,091 |
| Sep | 18.83 | +0.03 | 18.84 | 18.77 | 1,375 | 8,712 |
| Oct | 18.85 | +0.04 | 18.90 | 18.78 | 175 | 6,384 |
| Nov | 18.85 | +0.04 | 18.85 | 18.82 | 415 | 5,275 |
| Total | | | | | 26,403 | 171,877 |

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

| | Latest price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| May | 58.50 | -0.41 | 59.00 | 57.50 | 15,176 | 7,338 |
| Jun | 54.95 | -0.06 | 55.10 | 54.50 | 23,510 | 39,192 |
| Jul | 54.85 | +0.09 | 54.85 | 54.40 | 5,983 | 27,269 |
| Aug | 55.20 | +0.04 | 55.20 | 55.00 | 1,032 | 13,449 |
| Sep | 55.80 | -0.01 | 55.80 | 55.60 | 849 | 7,753 |
| Oct | 54.00 | -2.46 | 56.60 | 56.50 | 801 | 7,881 |
| Total | | | | | n/a | n/a |

■ GAS OIL IPE ($/tonne)

| | Sett price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| May | 171.75 | +3.00 | 172.00 | 169.50 | 7,188 | 19,931 |
| Jun | 170.50 | +2.25 | 171.00 | 169.25 | 6,632 | 19,196 |
| Jul | 170.75 | +1.75 | 171.25 | 169.75 | 1,882 | 7,433 |
| Aug | 171.75 | +1.50 | 171.75 | 171.00 | 998 | 7,289 |
| Sep | 173.50 | +1.50 | 173.75 | 172.75 | 659 | 3,121 |
| Oct | 175.25 | +1.25 | 175.50 | 174.50 | 284 | 3,490 |
| Total | | | | | n/a | n/a |

■ NATURAL GAS NYMEX (10,000 mmBtu.; $/mmBtu.)

| | Latest price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| Jun | 2.180 | +0.038 | 2.210 | 2.125 | 14,570 | 37,764 |
| Jul | 2.196 | +0.031 | 2.230 | 2.155 | 5,578 | 22,546 |
| Aug | 2.200 | +0.023 | 2.230 | 2.175 | 2,772 | 14,662 |
| Sep | 2.215 | +0.033 | 2.220 | 2.180 | 1,471 | 13,897 |
| Oct | 2.215 | +0.023 | 2.240 | 2.192 | 2,283 | 15,653 |
| Nov | 2.300 | +0.013 | 2.325 | 2.285 | 458 | 7,251 |
| Total | | | | | n/a | n/a |

■ UNLEADED GASOLINE
NYMEX (42,000 US galls.; c/US galls.)

| | Latest price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| May | 64.20 | +0.84 | 64.30 | 62.80 | 21,407 | 10,051 |
| Jun | 62.85 | +0.51 | 62.95 | 61.85 | 21,520 | 48,011 |
| Jul | 61.75 | +0.41 | 61.80 | 61.10 | 1,151 | 15,322 |
| Aug | 60.55 | +0.34 | 60.55 | 60.00 | 1,011 | 6,670 |
| Sep | 59.10 | +0.19 | 59.30 | 58.90 | 390 | 3,240 |
| Oct | 57.10 | -0.01 | 57.10 | 57.10 | 140 | 2,317 |
| Total | | | | | n/a | n/a |

## GRAINS AND OIL SEEDS

■ WHEAT LIFFE (£ per tonne)

| | Sett price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| May | 93.15 | +0.25 | 93.10 | 92.80 | 28 | 561 |
| Jul | 96.00 | +0.30 | 96.25 | 95.70 | 238 | 1,948 |
| Sep | 94.50 | +1.00 | 94.50 | 94.50 | 10 | 51 |
| Nov | 96.50 | +1.00 | 96.50 | 96.00 | 138 | 3,351 |
| Jan | 98.50 | +1.00 | 98.50 | 97.75 | 257 | 1,147 |
| Mar | 100.50 | +1.00 | 100.50 | 99.75 | 77 | 611 |
| Total | | | | | 748 | 7,868 |

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

| | | | | | | |
|---|---|---|---|---|---|---|
| May | 423.00 | +12.00 | 424.00 | 412.50 | 2,044 | 2,136 |
| Jul | 433.50 | +10.50 | 434.50 | 424.25 | 14,877 | 58,150 |
| Sep | 438.75 | +11.00 | 440.00 | 428.25 | 1,580 | 13,314 |
| Dec | 449.25 | +10.75 | 450.00 | 439.00 | 1,739 | 14,514 |
| Mar | 449.00 | +11.00 | 449.00 | 444.50 | 240 | 924 |
| May | 420.00 | +6.00 | - | - | - | 5 |
| Total | | | | | 20,495 | 88,268 |

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

| | | | | | | |
|---|---|---|---|---|---|---|
| May | 295.00 | +3.50 | 297.25 | 291.25 | 35,370 | 38,384 |
| Jul | 293.25 | +2.25 | 295.75 | 291.00 | 41,077 | 134,815 |
| Sep | 279.50 | +1.00 | 282.50 | 279.25 | 2,567 | 24,785 |
| Dec | 275.50 | +0.75 | 278.75 | 274.75 | 16,341 | 107,912 |
| Mar | 280.50 | +1.00 | 283.50 | 279.25 | 885 | 10,389 |
| May | 285.00 | - | 287.00 | 285.00 | 92 | 833 |
| Total | | | | | 96,520 | 317,571 |

■ BARLEY LIFFE (£ per tonne)

| | | | | | | |
|---|---|---|---|---|---|---|
| May | 88.00 | +1.50 | 88.00 | 88.00 | - | 68 |
| Sep | 91.00 | +0.75 | - | - | - | 28 |
| Nov | 93.00 | +0.75 | 93.05 | 93.00 | 34 | 834 |
| Jan | 95.00 | +0.75 | 95.00 | 95.00 | 10 | 76 |
| Mar | 97.00 | +0.75 | - | - | - | - |
| May | 99.00 | +0.75 | - | - | - | - |
| Total | | | | | 48 | 1,006 |

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

| | | | | | | |
|---|---|---|---|---|---|---|
| May | 891.00 | +23.50 | 893.00 | 868.00 | 21,261 | 14,109 |
| Jul | 887.00 | +21.50 | 891.00 | 868.75 | 38,854 | 95,771 |
| Aug | 860.50 | +17.50 | 864.00 | 846.00 | 4,775 | 16,358 |
| Sep | 769.00 | +10.50 | 771.50 | 766.00 | 1,251 | 7,626 |
| Nov | 698.00 | +7.50 | 699.00 | 683.50 | 7,343 | 45,781 |
| Jan | 698.25 | +5.75 | 704.00 | 701.00 | 66 | 2,961 |
| Total | | | | | 71,645 | 184,063 |

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

| | | | | | | |
|---|---|---|---|---|---|---|
| May | 25.06 | +0.27 | 25.17 | 24.61 | 12,803 | 8,491 |
| Jul | 25.47 | +0.21 | 25.80 | 25.35 | 12,362 | 50,604 |
| Aug | 25.61 | +0.16 | 25.73 | 25.53 | 1,473 | 12,009 |
| Sep | 25.68 | +0.18 | 25.80 | 25.65 | 485 | 6,975 |
| Oct | 25.65 | +0.13 | 25.75 | 25.55 | 87 | 6,665 |
| Dec | 25.83 | +0.17 | 25.92 | 25.75 | 2,726 | 18,656 |
| Total | | | | | 29,936 | 104,398 |

■ SOYABEAN MEAL CBT (100 tons; $/ton)

| | | | | | | |
|---|---|---|---|---|---|---|
| May | 292.6 | +8.9 | 292.8 | 285.0 | 14,398 | 14,545 |
| Jul | 286.8 | +8.1 | 287.8 | 279.0 | 12,433 | 45,599 |
| Aug | 274.9 | +6.4 | 276.0 | 271.5 | 1,697 | 13,568 |
| Sep | 255.9 | +5.4 | 256.5 | 253.7 | 742 | 7,906 |
| Oct | 229.5 | +3.0 | 229.9 | 227.0 | 406 | 8,826 |
| Dec | 220.4 | +3.4 | 220.5 | 218.0 | 2,000 | 16,734 |
| Total | | | | | 32,066 | 110,891 |

■ POTATOES LIFFE (£/tonne)

| | | | | | | |
|---|---|---|---|---|---|---|
| May | 25.0 | -6.0 | 30.0 | 25.0 | 19 | 184 |
| Jun | 45.0 | -5.0 | - | - | - | - |
| Nov | 58.0 | -1.0 | - | - | - | 9 |
| Mar | 125.0 | -1.0 | - | - | - | - |
| Apr | 131.0 | -1.0 | 131.0 | 130.0 | 27 | 1,003 |
| Total | | | | | 46 | 1,196 |

■ FREIGHT (BIFFEX) LIFFE ($10/index point)

| | | | | | | |
|---|---|---|---|---|---|---|
| Apr | 1267 | -1 | 1268 | 1260 | - | 621 |
| May | 1350 | -5 | 1365 | 1350 | 90 | 638 |
| Jun | 1295 | +20 | 1305 | 1285 | 57 | 138 |
| Jul | 1225 | +15 | 1230 | 1219 | 71 | 1,079 |
| Oct | 1330 | +15 | 1340 | 1325 | 22 | 474 |
| Jan | 1355 | - | 1320 | 1320 | 2 | 57 |
| Total | | | | | 240 | 3,006 |

| | Close | Prev |
|---|---|---|
| BFI | 1259 | 1259 |

FUTURES DATA
*All futures data supplied by CMS.*

## SOFTS

■ COCOA LIFFE (£/tonne)

| | Sett price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| May | 968 | -7 | 980 | 961 | 2,195 | 3,810 |
| Jul | 997 | -4 | 1007 | 989 | 3,933 | 29,305 |
| Sep | 1013 | -3 | 1020 | 1004 | 698 | 13,680 |
| Dec | 1000 | +6 | 1004 | 998 | 713 | 28,847 |
| Mar | 1012 | +6 | 1020 | 1005 | 472 | 30,433 |
| May | 1023 | +7 | 1023 | 1015 | 75 | 14,601 |
| Total | | | | | 8,255 | 137,437 |

■ COCOA CSCE (10 tonnes; $/tonnes)

| | | | | | | |
|---|---|---|---|---|---|---|
| May | 1394 | -14 | 1410 | 1392 | 110 | 415 |
| Jul | 1400 | -14 | 1416 | 1391 | 10,014 | 34,018 |
| Sep | 1429 | -4 | 1439 | 1418 | 754 | 13,545 |
| Dec | 1454 | -7 | 1462 | 1442 | 1,658 | 17,877 |
| Mar | 1476 | -7 | 1479 | 1465 | 486 | 19,815 |
| May | 1496 | -7 | 1498 | 1498 | 384 | 8,590 |
| Total | | | | | 13,046 | 98,297 |

■ COCOA (ICCO) (SDR's/tonne)

| Apr 29 | Price | Prev. day |
|---|---|---|
| Daily | 1725.42 | 1161.62 |

■ COFFEE LIFFE ($/tonne)

| | | | | | | |
|---|---|---|---|---|---|---|
| May | 1538 | +6 | 1545 | 1516 | 3,670 | 4,724 |
| Jul | 1618 | +20 | 1620 | 1596 | 4,041 | 20,608 |
| Sep | 1630 | +14 | 1631 | 1612 | 788 | 11,686 |
| Nov | 1630 | +14 | 1630 | 1616 | 230 | 3,459 |
| Jan | 1610 | +14 | 1610 | 1600 | 77 | 1,726 |
| Mar | 1590 | +14 | 1590 | 1580 | 1 | 150 |
| Total | | | | | 8,812 | 42,335 |

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

| | | | | | | |
|---|---|---|---|---|---|---|
| May | 238.05 | +12.85 | 240.00 | 228.00 | 686 | 2,133 |
| Jul | 198.95 | - | 212.00 | 200.40 | 5,314 | 15,414 |
| Sep | 179.50 | - | 188.50 | 180.50 | 1,348 | 7,654 |
| Dec | 167.65 | +6.00 | 167.65 | 162.00 | 492 | 4,328 |
| Mar | 154.50 | +4.25 | 154.00 | 151.00 | 48 | 1,873 |
| May | 148.75 | +5.75 | 149.50 | 147.00 | 18 | 262 |
| Total | | | | | 7,904 | 31,815 |

■ COFFEE (ICO) (US cents/pound)

| Apr 29 | | Prev. day |
|---|---|---|
| Comp. daily | 150.20 | 149.08 |
| 15 day average | 144.38 | 143.14 |

■ WHITE SUGAR LIFFE ($/tonne)

| | | | | | | |
|---|---|---|---|---|---|---|
| Aug | 310.4 | -1.8 | 312.9 | 310.4 | 1,711 | 11,786 |
| Oct | 300.4 | -4.2 | 304.5 | 300.1 | 770 | 6,203 |
| Dec | 299.2 | -2.9 | 302.0 | 298.3 | 134 | 1,575 |
| Mar | 299.2 | -2.1 | 301.5 | 298.8 | 50 | 1,400 |
| May | 299.0 | -2.2 | 299.0 | 299.0 | 15 | 603 |
| Total | | | | | 2,696 | 21,847 |

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

| | | | | | | |
|---|---|---|---|---|---|---|
| May | 11.14 | -0.18 | 11.45 | 10.95 | 10,043 | 16,942 |
| Jul | 10.96 | -0.07 | 11.09 | 10.92 | 11,706 | 88,573 |
| Oct | 10.82 | -0.04 | 10.86 | 10.77 | 2,586 | 39,033 |
| Mar | 10.76 | -0.07 | 10.84 | 10.75 | 1,045 | 21,202 |
| May | 10.71 | -0.09 | 10.80 | 10.76 | 123 | 4,924 |
| Jul | 10.65 | -0.08 | 10.70 | 10.70 | 29 | 2,248 |
| Total | | | | | 25,812 | 173,458 |

■ COTTON NYCE (50,000lbs; cents/lbs)

| | | | | | | |
|---|---|---|---|---|---|---|
| May | 71.90 | +0.40 | 72.20 | 71.60 | 49 | 251 |
| Jul | 73.65 | +0.20 | 73.75 | 73.45 | 2,688 | 41,085 |
| Oct | 74.90 | +0.15 | 75.10 | 74.85 | 250 | 2,567 |
| Dec | 75.94 | +0.07 | 75.99 | 75.75 | 1,137 | 23,836 |
| Mar | 77.05 | - | 77.10 | 77.00 | 170 | 3,047 |
| May | 77.59 | -0.01 | 77.50 | 77.50 | 47 | 773 |
| Total | | | | | 4,372 | 72,619 |

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

| | | | | | | |
|---|---|---|---|---|---|---|
| May | 73.00 | +0.35 | 73.50 | 72.25 | 2,583 | 2,457 |
| Jul | 75.95 | +1.00 | 76.75 | 74.70 | 5,005 | 17,125 |
| Sep | 78.75 | +1.00 | 79.50 | 77.55 | 542 | 6,106 |
| Nov | 81.45 | +1.05 | 82.25 | 80.60 | 530 | 2,711 |
| Jan | 83.90 | +0.70 | 84.05 | 84.00 | 117 | 1,158 |
| Mar | 86.15 | +0.70 | 86.00 | 85.00 | 25 | 822 |
| Total | | | | | 9,188 | 30,584 |

**Nuts and seeds**
Prices from Kenkko; US$ a tonne. Iranian pistachios 28/30 raw (in shell) naturally opened (round): RPPC new crop prices at 4,100 CFR: prices up because of frost damage to the 1997 crop; long type sold out. US walnuts Inshell: 2,150 FCA Spain duty paid; East Europe LHP mix: 4,100 CPT. Turkish hazelnuts standard No 1: very unstable, price idea 4,900 - 5,000 CFR. Turkish and Iranian sultanas: 1,250 CFR MEP. Iranian industrial apricots: 1,780 CFR. Indian cashews raw spot goods: W-320 5,700 FCA Rotterdam; W-450 5,600 FCA Rotterdam; new crop shipment from April W-320 5,600. US almonds: crop 1996 27/30 SSR 5,900 FAS, down a bit; crop 1997 27/30 SSR 4,000 FAS. Coconut: CFR 1,2500 for top Philippine goods, stable; spot 1,350. Pakistan pine kernels: 10,300.

**VOLUME DATA**
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears. Volume & Open interest totals are for all traded months.

## INDICES

■ Reuters (Base: 18/9/31 = 100)

| Apr 30 | Apr 29 | month ago | year ago |
|---|---|---|---|
| 1961.3 | 1968.4 | 1996.2 | 2093.6 |

■ CRB Futures (Base: 1967 = 100)

| Apr 29 | Apr 28 | month ago | year ago |
|---|---|---|---|
| 246.68 | 248.24 | | |

■ GSCI Spot (Base: 1970 = 100)

| Apr 29 | Apr 28 | month ago | year ago |
|---|---|---|---|
| 195.67 | 192.71 | 192.43 | 214.75 |

## MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

| | Sett Price | Day's change | High | Low | Vol | Open Int |
|---|---|---|---|---|---|---|
| Jun | 64.750 | +0.125 | 64.925 | 64.425 | 7,010 | 38,825 |
| Aug | 64.700 | +0.050 | 64.850 | 64.400 | 2,902 | 25,144 |
| Oct | 68.625 | -0.075 | 68.800 | 68.450 | 1,333 | 15,965 |
| Dec | 70.325 | -0.150 | 70.550 | 70.350 | 744 | 8,406 |
| Feb | 70.925 | -0.300 | 70.925 | 70.800 | 419 | 5,381 |
| Apr | 72.950 | -0.150 | 73.100 | 72.700 | 210 | 1,201 |
| Total | | | | | 12,631 | 92,942 |

■ LEAN HOGS CME (40,000lbs; cents/lbs)

| | | | | | | |
|---|---|---|---|---|---|---|
| Jun | 83.550 | -0.100 | 83.925 | 83.325 | 4,271 | 18,308 |
| Jul | 84.475 | -0.175 | 84.850 | 84.150 | 2,094 | 6,256 |
| Aug | 82.550 | -0.175 | 82.925 | 82.300 | 1,001 | 5,908 |
| Oct | 75.900 | +0.025 | 76.000 | 75.850 | 521 | 5,003 |
| Dec | 72.925 | -0.125 | 73.000 | 72.600 | 464 | 3,293 |
| Feb | 71.500 | -0.075 | 71.650 | 71.150 | 37 | 1,037 |
| Total | | | | | 8,411 | 40,619 |

■ PORK BELLIES CME (40,000lbs; cents/lbs)

| | | | | | | |
|---|---|---|---|---|---|---|
| May | 90.925 | -0.725 | 93.700 | 90.400 | 1,100 | 1,691 |
| Jul | 92.025 | +0.425 | 94.300 | 91.500 | 2,526 | 5,179 |
| Aug | 90.650 | +1.025 | 92.625 | 90.150 | 392 | 1,240 |
| Feb | 77.325 | +1.225 | 79.100 | 77.000 | 34 | 276 |
| Mar | 76.050 | - | - | - | 2 | 6 |
| Total | | | | | 4,052 | 8,399 |

## LONDON TRADED OPTIONS

| Strike price $ tonne | Calls | | Puts | |
|---|---|---|---|---|
| ■ ALUMINIUM (99.7%) LME | May | Aug | May | Aug |
| 1550 | 60 | 118 | 2 | 20 |
| 1600 | 36 | 84 | 7 | 35 |
| 1650 | 10 | 57 | 30 | 57 |
| ■ COPPER (Grade A) LME | May | Aug | May | Aug |
| 2300 | 142 | 113 | 2 | 58 |
| 2400 | 53 | 65 | 12 | 108 |
| 2500 | 8 | 33 | 66 | 175 |
| ■ COFFEE LIFFE | Jul | Sep | Jul | Sep |
| 1550 | 127 | 184 | 59 | 104 |
| 1600 | 99 | 159 | 81 | 129 |
| 1650 | 76 | 136 | 108 | 156 |
| ■ COCOA LIFFE | Jul | Sep | Jul | Sep |
| 1000 | 43 | 69 | 46 | 56 |
| 1025 | 32 | 57 | 60 | 69 |
| 1050 | 24 | 47 | 77 | 84 |
| ■ BRENT CRUDE IPE | Jun | Jul | Jun | Jul |
| 1850 | 43 | - | - | - |
| 1900 | 20 | 51 | - | - |
| 1950 | 8 | 34 | - | - |

## LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel)

| | | +or- |
|---|---|---|
| Dubai | $17.62-7.76 | +0.040 |
| Brent Blend (dated) | $18.40-8.42 | +0.120 |
| Brent Blend (Jun) | $18.67-8.69 | +0.090 |
| W.T.I. | $20.40-0.44z | +0.070 |

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)

| | | |
|---|---|---|
| Premium Gasoline | $207-209 | +1 |
| Gas Oil | $176-179 | +3 |
| Heavy Fuel Oil | $77-79 | |
| Naphtha | $178-180 | |
| Jet fuel | $192-194 | +2 |
| Diesel | $185-187 | +3 |

■ NATURAL GAS (Pence/therm)

| | | |
|---|---|---|
| Bacton (May) | 10.5-10.7 | |

*Petroleum Argus. Tel. London (0171) 359 8792*

| | | |
|---|---|---|
| IPE (May) | 10.620 | +0.020 |

■ OTHER

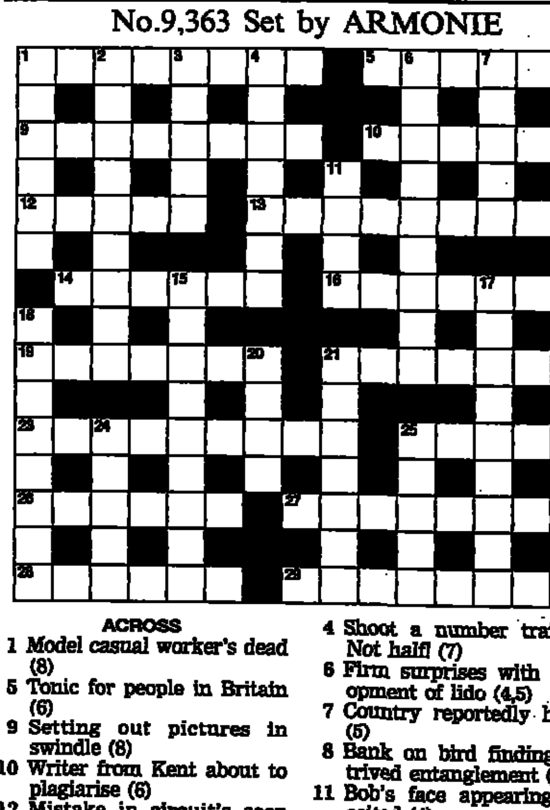
| | | |
|---|---|---|
| Gold (per troy oz)♣ | $340.10 | +0.25 |
| Silver (per troy oz)♣ | 471.00c | +6.00 |
| Platinum (per troy oz.) | $374.25 | -0.25 |
| Palladium (per troy oz.) | $156.00 | -3.25 |
| Copper | 119.0c | |
| Lead (US prod.) | 45.00c | |
| Tin (Kuala Lumpur) | 14.03r | |
| Tin (New York) | 265.5 | +2.0 |
| Cattle (live weight) | 89.90p | -2.25* |
| Sheep (live weight) | 132.17p | -5.22* |
| Pigs (live weight)† | 111.43p | +16.82* |
| Lon. day sugar (raw) | $277.20 | -4.20 |
| Lon. day sugar (wte) | $315.70 | -1.30 |
| Barley (Eng. feed) | Unq | |
| Maize (US No3 Yellow) | £109.00 | |
| Wheat (US Dark North) | Unq | |
| Rubber (May)♥ | 69.50p | |
| Rubber (Jun)♥ | 69.50p | |
| Rubber (KL RSS No1) | 277.5x | -1.0 |
| Coconut Oil (Phil)§ | 710.0y | -10.0 |
| Palm Oil (Malay.)§ | 572.5z | |
| Copra (Phil)§ | $447.5y | |
| Soyabeans (US) | 228.0 | |
| Cotton Outlook'A' index | 79.35c | |
| Wooltops (64s Super) | 420p | |

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. w May y Apr/May♥ z Jun London Physical. § CIF Rotterdam. ♣ Bullion market close. * Change on week. †Based on 1,402 head of pigs sold.

JOTTER PAD

## CROSSWORD

No.9,363 Set by ARMONIE



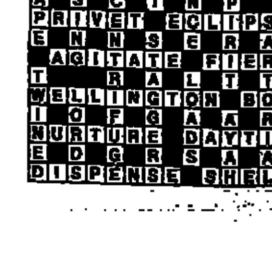
**ACROSS**

1 Model casual worker's dead (8)
5 Tonic for people in Britain (6)
9 Setting out pictures in swindle (8)
10 Writer from Kent about to plagiarise (6)
12 Mistake in circuit's seen with a bit of experience (5)
13 Strange afterthought by king consuming drink and food (4,5)
14 Trouble after animal is set about (6)
16 Mathematician from Italy interrupting girl with Pope (7)
19 Cycling accessory has police puzzled after a time (3,4)
21 Youngster accepting returned hat in person (6)
23 Ninth gear disengaged providing narrow escape (4,5)
25 A country house in Uganda, Chad or Sudan (5)
26 Being passionate in Arthur's study (6)
27 Preserve sign for islands (8)
28 Measure plant for food course (6)
29 Skinny apprentice formerly from a mountainous area (8)

**DOWN**

1 Lusts wickedly over bridge player creating conflict (6)
2 Food to eat, over in the Middle East (4,5)
3 Supple fellow supporting drunk (5)
4 Shoot a number training? Not half! (7)
6 Firm surprises with development of lido (4,5)
7 Country reportedly hostile (5)
8 Bank on bird finding contrived entanglement (4,4)
11 Bob's face appearing conceited (4)
15 Suddenly giving Lancelot a cocktail (3,2,4)
17 Show the Italian performance in colour (5,4)
18 Compound putting girl in a tizzy (8)
20 Selected largely for being demure (4)
21 Itinerant is happy hiding in the recess (3,4)
22 Parent is getting child fruit (6)
24 There's no place during approbation for serious scrutiny (5)
25 Harsh lawmaker is to do without car club (5)

Solution 9,362



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# FT MANAGED FUNDS SERVICE

Offshore Funds

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

## OFFSHORE AND OVERSEAS

### BERMUDA (SIB RECOGNISED)

| | Init Charge | Selling Price | Buying Price | + or - | Yield Gr's |
|---|---|---|---|---|---|
| **Fidelity Currency Funds Ltd** | | | | | |
| Pembroke Hall, Pembroke, Bermuda | | | | | |
| UK Pvt Advisors 0800 414[illegible] | | | | Jersey 01534 71696 | |
| Private Clients 0800 414161 | | | | 00 352 250404250 | |
| From O'seas (44) 1732 777377 | | | | Hong Kong (852) 848 1000 | |
| A$ Accum | | A$18.643 | | +0.010 | 4.99 |
| ASch Accum | | Sch251.55 | | +0.06 | 2.10 |
| C$ Accum | | C$18.803 | | +0.004 | 2.00 |
| DM Accum | | DM38.713 | | +0.008 | 2.00 |
| DFl Accum | | Dfl31.948 | | +0.005 | 1.90 |
| ECU Accum | | Ecu13.702 | | +0.004 | 3.00 |
| FFr Accum | | FFr87.760 | | +0.015 | 2.10 |
| HK$ Accum | | HK$123.94 | | +0.09 | 4.90 |
| Lire Accum | | L34412 | | +15 | 6.20 |
| NZ$ Accum | | NZ$41.580 | | +0.025 | 6.10 |
| NKr Accum | | NKr113.58 | | +0.03 | 1.90 |
| S$ Accum | | S$28.313 | | +0.009 | 2.20 |
| SPta Accum | | Pta2811.1 | | +1.4 | 4.50 |
| £ Accum | | £15.469 | | +0.007 | 5.00 |
| SKr Accum | | SKr121.05 | | +0.04 | 3.00 |
| SFr Accum | | SFr29.466 | | +0.001 | 0.60 |
| US$ Accum | | $24.058 | | +0.011 | 4.60 |
| Yen Accum | | Y2991.5 | | — | 0.10 |

Prices for dealing April 30

**Jupiter Asset Management (Bermuda) Ltd**

### BERMUDA (REGULATED)(**)

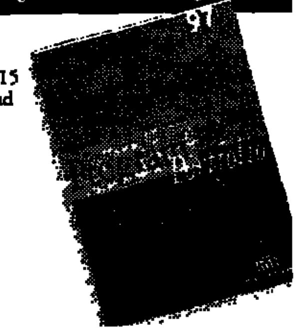
### GUERNSEY (SIB RECOGNISED)

### GUERNSEY (REGULATED)(**)

### IRELAND (SIB RECOGNISED)

### IRELAND (REGULATED)(**)

| | | | | |
|---|---|---|---|---|
| **Baring International Fd Mgrs (Ireland) Ltd** | | | | |
| Australia | $34.69 | 36.43 | +0.22 | 1.39 |
| Japan Fund | $20.95 | 22.00 | +0.3 | 0.00 |
| Malay Sing. | $131.54 | 138.12 | +2.29 | 0.00 |
| Nth American | $45.38 | 47.65 | +1.41 | 0.00 |
| Octopus Fund | $41.13 | 43.19 | +0.65 | 0.00 |
| Pacific Fd | $112.34 | 117.96 | +2.06 | 0.00 |
| International Bond | $19.82 | 20.82 | +0.1 | 5.22 |
| Europa Fund | $25.09 | 26.32 | +0.25 | 0.00 |
| Trinity Warrant | $28.97 | 30.42 | +1.91 | 0.00 |
| Hong Kong | $158.04 | 165.95 | +4.56 | 0.00 |
| Global Emerging Mkts | $12.16 | 12.77 | +0.01 | 0.00 |
| Latin America | $18.13 | 18.94 | +0.06 | 0.00 |
| Currency Fd-US Dollar | $18.83 | | +0.01 | 5.14 |
| Curr Fd-Managed $ | $56.84 | 59.78 | +0.07 | 4.83 |
| Korea Feeder Fund | $5.95 | 6.25 | +0.01 | 0.00 |
| Europe Select Feeder | £1.068 | 1.122 | — | 0.00 |




| | Init Charge | Selling Price | Buying Price | + or - | Yield Gr's |
|---|---|---|---|---|---|
| **Murray Johnstone (Dublin) Ltd** | | | | | |
| Europa House, Harcourt St, Dublin 2 | | | | 3531 407 2000 | |
| **Murray Global Accumulation Fund Plc** | | | | | |
| Money Financials Bond - 2 | | 105.68 | | +0.13 | 5.66 |
| US Dollar Financials Bond - 2 | | $1.0101 | | +0.0009 | 4.33 |
| **Odey Asset Management Ltd** | | | | | |
| 80 Harcourt Street, Dublin 2 | | | | 00 3531 780 2400 | |
| Odey European Gth Inc. | | DM188.34 | | — | - |
| Odey European Gth Acc. | | DM190.05 | | — | - |
| Odey European Gth Inc. | | 957.52 | | — | - |
| Odey European Gth Acc. | | 957.77 | | — | - |
| **Old Mutual International Fd Mngrs Ltd (u)** | | | | | |

| | Selling Price | Buying Price | + or - | Yield Gross |
|---|---|---|---|---|
| **Baring Mutual (Ireland) Ltd** | | | | |
| Umbrella Fund Inc. | $12.92 | 13.31 | — | 0.00 |
| Pacific Emerging 94 A | $70.75 | | — | 0.00 |
| Pacific Emerging 94 B | $66.76 | | — | 0.00 |
| Latin America | $8.67 | | +0.07 | 0.00 |
| Taiwan Fund NAV | $13.63 | | — | 0.00 |
| **Berkshire KITC Growth Fund Plc** | | | | |
| NAV | $5.62 | | -0.42 | - |
| **Berkshire Korea Fund Plc** | | | | |
| NAV | $1.59 | | -0.21 | - |
| **Blackstone Franks Managers Ireland Ltd** | | | | |

### ISLE OF MAN (SIB RECOGNISED)

### ISLE OF MAN (REGULATED)(**)

### JERSEY (REGULATED)(**)

### JERSEY (SIB RECOGNISED)

### LUXEMBOURG (SIB RECOGNISED)

Offshore Funds and Insurances

# FT MANAGED FUNDS SERVICE

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## Abtrust Fund Mngrs Luxembourg SA (x)
4 Boulevard Royal L 2449 Luxembourg 00 352 227001

| Abtrust Atlas Fund | Init Charge | Notes Selling Price | Buying Price | + or - | Yield Gr's |
|---|---|---|---|---|---|
| Global Cap Portfolio | | $1.955 | | +0.029 | - |
| United States Portfolio | | $5.8929 | | +0.152 | - |
| Cont Europe Portfolio | 0 | DM7.784 | | +0.040 | - |
| Japan Portfolio | | ¥0.678 | | | - |
| Pacific Portfolio | | $8.320 | | -0.051 | - |
| Gold Portfolio | | $5.273 | | +0.037 | - |
| UK Growth of Income | | £7.2890 | | +0.015 | 3.67 |
| Dollar Portfolio | | $1.854 | | +0.003 | 7.03 |
| Sterling Portfolio | | £1.0390 | | +0.001 | 6.30 |

## Aetna Master Fund (m) (x)
21 avenue de la Liberté, L-1931, Lux 00 352 3854 941

| | Init Charge | Notes Selling Price | Buying Price | + or - | Yield Gr's |
|---|---|---|---|---|---|
| Australasian NAV | | A$17.80 | | +0.07 | - |
| Austrian Nat NAV | | Sch67.31 | | +0.06 | - |
| Belgo/Lux NAV | | BFr940.58 | | +9.78 | - |
| Dutch Nat NAV | | Dfl49.17 | | +0.82 | - |
| French Nat NAV | | FFr140.69 | | +2.47 | - |
| German Nat NAV | | DM21.43 | | +0.08 | - |
| Hongkong Nat NAV | | HK$130.56 | | +2.35 | - |
| Italian Nat NAV | | L13337 | | +10 | - |
| Japanese Nat NAV | | Y1223 | | +21 | - |
| Spanish Nat NAV | | Pta1593 | | +19 | - |
| UK Nat NAV | | £11.19 | | +0.04 | - |
| United States Dlr Res | | $11.15 | | — | - |

Prices quoted are "A" shares

## American Phoenix Investment Portfolios (u)
13 rue Goethe, L-1637 Luxembourg 00 352 404646211

| | Init Charge | Notes Selling Price | Buying Price | + or - | Yield Gr's |
|---|---|---|---|---|---|
| European Multinational Pfolo | | Ecu22.13 | | +0.24 | - |
| European Multinational Pfolo | | $25.00 | | +0.32 | - |
| European Multinational Pfolo | | £15.35 | | +0.14 | - |
| European Multinational Pfolo | | L42803 | | +440 | - |
| European Multinational Pfolo | | DM43.18 | | +0.43 | - |
| Global Multinational Pfolo | | Ecu20.00 | | +0.27 | - |
| Global Multinational Pfolo | | $22.59 | | +0.34 | - |

## Fleming Group - Contd.

| | Init Charge | Notes Selling Price | Buying Price | + or - | Yield Gr's |
|---|---|---|---|---|---|
| FFF Eastern European F. | | DM30.42 | 32.18 | +0.44 | - |
| FFF Eastern Opps | | $21.96 | 22.80 | +0.25 | - |
| FFF Emerging Markets F. | | $10.43 | 11.04 | +0.07 | - |
| FFF Emerging Markets Debt F | | $14.63 | 15.48 | +0.13 | - |
| FFF European | | DM44.83 | 47.43 | +0.38 | - |
| FFF European Smllr Cos F | | DM25.16 | 27.80 | -0.07 | - |
| FFF Global Conv F | | $17.75 | 18.77 | +0.09 | - |
| FFF India H. | | $10.30 | 10.83 | +0.21 | - |
| FFF Intl Bond F | | $13.35 | 14.12 | +0.09 | - |
| FFF Intl Equity F | | DM82.33 | 87.10 | +1.21 | - |
| FFF Japanese | | $14.53 | 15.37 | +0.31 | - |
| FFF Japanese Smllr Cos F | | $5.71 | 6.04 | +0.09 | - |
| FFF Latin American | | $13.70 | 14.49 | +0.11 | - |
| FFF Pacific | | $22.11 | 23.39 | +0.26 | - |
| FFF Sterling Bond | | £1.075 | 1.137 | +0.006 | 7.50 |
| FFF UK Enterprise | | £5.67 | 5.99 | +0.02 | - |
| FFF US Discovery | | $40.62 | 42.76 | +0.38 | - |

Fleming Flagship Series II (Daily Dealing)

| | Init Charge | Notes Selling Price | Buying Price | + or - | Yield Gr's |
|---|---|---|---|---|---|
| DM Class F | | DM12.484 | | +0.001 | 2.84 |
| FFr Class F | | FFr64.363 | | +0.005 | 2.91 |
| ITL Class F | | L22284 | | +4.000 | 9.99 |
| £ Class F | | £5.254 | | +0.001 | 5.57 |
| US$ Class F | | $12.890 | | +0.002 | 5.29 |

Goals Fund Sicav

| | Init Charge | Notes Selling Price | Buying Price | + or - | Yield Gr's |
|---|---|---|---|---|---|
| International Equity F | 5 | £E $0.379 | 10.8747 | — | - |

## Foreign & Colonial Emerging Markets Ltd (u)
Exchange Ho, Primrose St, Ldn, EC2A 2NY 0171-628 1234

F&C Emerging Markets

| | Init Charge | Notes Selling Price | Buying Price | + or - | Yield Gr's |
|---|---|---|---|---|---|
| Argentinian Inv Co F | | $24.41 | | +0.45 | - |
| Brazilian Inv Co SICAV F | | $32.45 | | +0.40 | - |
| Gtr Emerging Mkts Inv Co SICAV F | | $10.84 | | +0.03 | - |
| Latin Amer Inv Co SICAV F. | | $12.10 | | +0.08 | - |
| Mexican Inv Co SICAV F. | | $23.46 | | -0.03 | - |

## Foreign & Colonial Portfolios Fd Sicav (a)

## LUXEMBOURG (REGULATED)(**)

## OFFSHORE INSURANCES

# FT MANAGED FUNDS SERVICE

Offshore Insurances and Other Funds

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## OTHER OFFSHORE FUNDS

# LONDON SHARE SERVICE

## ALCOHOLIC BEVERAGES

## BANKS, RETAIL

## BREWERIES, PUBS & REST

## BUILDING & CONSTRUCTION

## BUILDING MATS. & MERCHANTS

## CHEMICALS

## CHEMICALS - Cont.

## DISTRIBUTORS

## DIVERSIFIED INDUSTRIALS

## ELECTRICITY

## ELECTRONIC & ELECTRICAL EQPT

## ENGINEERING

## ENGINEERING - Cont.

## ENGINEERING - Cont.

## ENGINEERING, VEHICLES

## EXTRACTIVE INDUSTRIES

## EXTRACTIVE INDUSTRIES - Cont.

## FOOD PRODUCERS

## GAS DISTRIBUTION



## HEALTH CARE

## HOUSEHOLD GOODS

## INSURANCE

## INSURANCE - Cont.

## INVESTMENT TRUSTS

## INVESTMENT TRUSTS - Cont.

## INV TRUSTS SPLIT CAPITAL

# LONDON SHARE SERVICE

## INV TRUSTS SPLIT CAPITAL - Cont.

[illegible]

## OTHER INVESTMENT TRUSTS

The following investment trusts are not eligible for inclusion in the FTSE Actuaries Share Indices.

[illegible]

## INVESTMENT COMPANIES

[illegible]

## LEISURE & HOTELS

[illegible]

## LIFE ASSURANCE

[illegible]

## MEDIA

[illegible]

## MEDIA - Cont.

[illegible]

## OIL EXPLORATION & PRODUCTION

[illegible]

## OIL, INTEGRATED

[illegible]

## OTHER FINANCIAL

[illegible]

## PAPER, PACKAGING & PRINTING

[illegible]

## PHARMACEUTICALS

[illegible]

## PHARMACEUTICALS - Cont.

[illegible]

## PROPERTY

[illegible]



## PROPERTY - Cont.

[illegible]

## RETAILERS, FOOD

[illegible]

## RETAILERS, GENERAL

[illegible]

## RETAILERS, GENERAL - Cont.

[illegible]

## SUPPORT SERVICES

[illegible]

## SUPPORT SERVICES - Cont.

[illegible]

## TELECOMMUNICATIONS

[illegible]

## TEXTILES & APPAREL

[illegible]

## TEXTILES & APPAREL - Cont.

[illegible]

## TOBACCO

[illegible]

## TRANSPORT

[illegible]

## WATER

[illegible]

## AIM

[illegible]

## AIM - Cont.

[illegible]

## AMERICANS

[illegible]

## CANADIANS

[illegible]

## SOUTH AFRICANS

| | Notes | Price | + or - | 52 week high | 52 week low | Mkt Cap£m | Yld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| Anglo Am Ind R | | 825 | — | *931½ | 820¼ | 1,918 | 3.0 | ♦ |
| Barlow | ♣ | 869 | +½ | 895 | 852 | 1,394 | 2.1 | 14.1 |
| Gold Fids Prop R | † | 138½ | +½ | 171½ | 120 | 142 | 6.5 | 10.3 |
| SA Brews | | £18½ | +½ | £24½ | £13¾ | 5,332 | 1.9 | ♦ |
| Standard Bank | | £27½ | +½ | £31½ | £21 | 3,549 | 1.3 | 24.5 |
| Tiger Oats | | 1075 | +8 | 1180 | 770 | 1,617 | 1.7 | 21.0 |
| Tongaat-Hulett | | 782¾ | +4¼ | 1128 | 578¼ | 722.0 | 2.4 | ♦ |

## GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service are delivered by Extel, part of Financial Times Information.

Company classifications are based on those used for the FTSE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid-prices over a rolling 52 week period.

Where stocks are denominated in currencies other than sterling, this is indicated after the name. Prices shown for some of these foreign securities are converted into sterling from latest available local Stock Exchange prices.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Earnings used in calculations are based on IIMR 'Headline Earnings' formula.

Price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures.

Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- * Highs and lows marked thus have been adjusted to allow for capital changes
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ♦ Figures or report awaited
- ♥ Rule 2.1(a)(iv) Overseas incorporated companies listed on an approved exchange.
- ♣ Free annual/interim report available, see details below.
- †† Rule 4.2(a) Irish incorporated non-listed companies.
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend. b Figures based on prospectus or other official estimates. c Assumed dividend yield after rights issue. h Assumed dividend yield after scrip issue. n Rights issue pending. q Earnings based on preliminary figures. t Dividend yield excludes a special payment. [illegible] t Indicated dividend yield, p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings. z Dividend yield includes a special payment.

F Yield based on prospectus or other official estimates for 1996-97. G Assumed yield after pending scrip and/or rights issue. H Yield based on prospectus or other official estimates for 1997. K Yield based on prospectus or other official estimates for [illegible] L Estimated annualised yield, p/e based on latest annual earnings. M Yield based on prospectus or other official estimates for 1997-98. N Dividend is paid in whole or part as a [illegible]

FID (Foreign Income Dividend). R Forecast annualised yield, p/e based on prospectus or other official estimates. W Pro forma figures. Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xi ex capital distribution.

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## LONDON STOCK EXCHANGE

# Footsie backtracks after hitting new record

MARKET REPORT

By Steve Thompson, UK Stock Market Editor

An early surge to new record levels by the FTSE 100 index, fuelled mainly by the overnight jump by shares on Wall Street, was erased later in the day by news of much stronger than expected growth in the US economy during the first quarter.

But a subsequent rally, triggered by reinvigorated US bond and stock markets, saw London finish the session marginally higher.

Earlier, London had already shown signs of running out of steam as an initial mark-up of stocks failed to attract any follow-through buying, especially in the buoyant financial areas.

Today's general election, expected to see a Labour government returned for the first time in 18 years, elicited barely a mention from traders, who said the market was only concerned at the extent of the Labour majority. A number of City dealing rooms will remain open all night to accommodate investors dealing as the election results come in.

Wall Street had initially dropped sharply to news that first quarter gross domestic product had risen by an annualised 5.6 per cent, against a consensus forecast of 4 per cent. That news, along with the Chicago Purchasing Managers Index, saw US Treasury bonds drop half a point, quickly followed by an early 25-point slide in the Dow Jones Industrial Average.

Footsie finished a topsy-turvy trading session 2.8 higher at 4,436.0. But that closing level masked substantial moves earlier in the day. The leading index kicked off in excellent form, hitting a new all-time intra-day record of 4,466.5 just minutes after the opening, on the back of the dramatic 179-point overnight leap in the Dow.

It began to falter not long after the opening, as the expected buyers of UK stocks failed to materialise. By lunchtime, the index had fallen into the red, with the selling pressure building up considerably after the GDP news was announced. At its worst, Footsie was down 18.9 at 4,414.3.

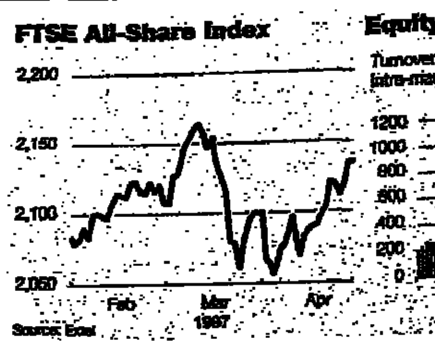
The Dow's overnight surge reflected some weak economic news on durable goods and *employment costs, which was* seen as reducing the chances of a rate rise after the next Federal Reserve open market committee meeting on May 20.

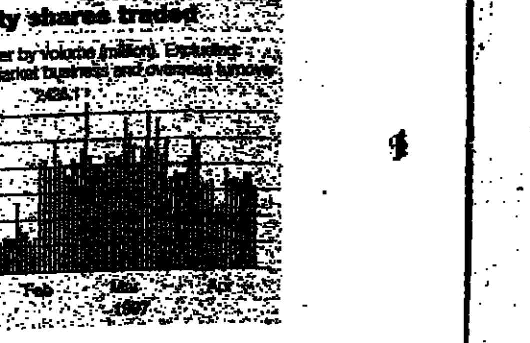
But the conflicting evidence provided yesterday caused considerable confusion across global markets. The Dow was sharply higher as London closed and trading 60 points ahead at 6pm London time.

Further evidence of the pace of the US economy comes today with the NAPM for April, and tomorrow with the US non-farm payroll report.

The other UK indices were also bruised by the erratic movements in the Dow and Footsie. The FTSE 250 finished a net 8.3 off at 4,498.7; at its best yesterday it was almost 16 points ahead and comfortably clear of the 4,500 level. The SmallCap settled 2.4 up 2,295.5.

Turnover in equities fell just short of the 1bn shares figure, reaching 994m at the 6pm cut-off point.




**Indices and ratios**

| | | |
|---|---|---|
| FTSE 100 | 4436.0 | +2.8 |
| FTSE 250 | 4498.7 | -8.3 |
| FTSE 350 | 2168.7 | +0.3 |
| FTSE All-Share | 2135.31 | +0.43 |
| FTSE All-Share yield | 3.59 | 3.59 |

| | | |
|---|---|---|
| FT 30 | 2898.4 | +6.5 |
| FTSE Non-Fins p/e | 18.31 | 16.27 |
| FTSE 100 Fut Jun | 4452.0 | -8.0 |
| 10 yr Gilt yield | 7.48 | 7.59 |
| Long gilt/equity yld ratio | 2.10 | 2.11 |

**Best performing sectors**

1 Engineering: Vehicles ........ +1.7
2 Pharmaceuticals ........ +1.5
3 Insurance ........ +0.7
4 Oil: Integrated ........ +0.7
5 Consumer Goods ........ +0.7

**Worst performing sectors**

1 Paper: Pckg & Printing ........ -1.5
2 Electronic & Elect Equip ........ -1.3
3 Oil Exploration & Prod ........ -0.9
4 Banks: Retail ........ -0.7
5 Life Assurance ........ -0.6

# NY news lifts Reuters

By Peter John and Joel Kibazo

Reuters Holdings perked up 10 to 634½p as the news and financial information group gave details of its progress at a big presentation in New York yesterday.

The company spoke to analysts, fund managers and trade buyers about its Dealing 3000 share trading system, which is to replace the existing product.

Panmure Gordon pointed out that Reuters had already achieved almost 60 per cent of its 1997 sales target.

Analysts have been concerned about teething problems with the 3000 series and some pointed out that, while demand has been strong, the roll-out has been slower than expected.

Henderson Crosthwaite said revenue at the group was flat and, as 85 per cent of the new screens were just replacements, yesterday's news was a "damp squib".

Shares in cables and construction group BICC were down 10 per cent at the day's worst after the company surprised the market with a profits warning.

A company statement saying, "Profits for the first half of this year are likely to be weaker than we had previously expected," sent the shares tumbling before bargain-hunters helped steady the stock in afternoon trading. The shares closed down 17 or 6.9 per cent at 230½p, the worst performer in the FTSE 250 index. Turnover was 1.6m.

Analysts downgraded current year profit-expectations by around £15m to a new market consensus of about £140m.

Engineering group GKN cheered the market with news that it is to launch a $570m tender offer for Sinter Metals of Ohio.

The UK company said the deal would enhance earnings, a factor which went down particularly well with several analysts. Shares in the group rose sharply on the news to close 40 up at 951p, by far the best performer among FTSE 100 constituents.

However, one sceptic said: "We have to be cautious as this deal increases GKN's exposure to the cyclical automotive industry."

Several dealers were also keen to point out that the Sinter Metals acquisition, plus the likely payment of damages in the Meineke Discount Mufflers case in the US, means that GKN is unlikely to be a suitor for Vickers, as recent market speculation had suggested. Fading bid talk left Vickers shares trailing 3 to 212p.

Engineering group Siebe remained a feature as one of its two joint brokers reiterated a buy stance on the stock.

The move by Dresdner Kleinwort Benson helped steady nervousness that continues to surround the stock.

The shares bounced 14½ to 912p, in busy trade of 5.8m. The broker said it had not altered profit forecasts.

Recent market speculation had suggested the group was lining up a bid for Spirax-Sarco, 6½ lighter at 705p, but yesterday's market talk pointed to Siebe as one of *the possible suitors for APV*, the process equipment maker, which said on Tuesday it had received a bid approach that could lead to an offer.

Shares in APV climbed another 16 or 22 per cent to 87p, as speculation about its most likely bidder continued to do the rounds. Analysts dismissed Tomkins as a possible suitor. Shares in the industrial conglomerate hardened 3 to 266½p.

Second-line life assurance shares moved forward as demand for insurance stocks gathered pace, ahead of the June flotation of Norwich Union.

Investors who have seen the squeeze in the banks following the initial dealings in Alliance & Leicester and the imminent float of the Halifax are keen to avoid falling behind with weightings.

Britannic Assurance *jumped 18 to 852p, United* Assurance 20 to 494p and London & Manchester 14½ to 431p. The leaders – Legal & General and Prudential Corp – suffered from profit-taking.

Northern Ireland Electricity improved 3½ to 400p after BZW upgraded the stock to a *"buy" on hopes for the company's joint venture plans* with United Utilities.

The venture will contract business services such as information systems, data management and meter reading to the utility. It will be 51 per cent owned by Vertex, a wholly owned subsidiary of United Utilities, which eased a penny to 678½p.

Among transport stocks, Ugland International firmed 2 to 81½p, as NatWest Securities, the company's broker, published a bullish note.

NatWest said: "World *trade in cars and vehicles is* in a strong growth phase at the moment and Ugland International's earnings will make a quantum leap as a result. The shares, however, are lagging behind the rapid progress made on the corporate front, so the share price potential should be substantial."

Pharmaceuticals companies with a big investor base in the US reacted positively to Tuesday night's strong performance by the Dow Jones Industrial Average. Glaxo Wellcome gained 25½ to £12.13½p and SmithKline Beecham 20 to 991½p.

Boosey & Hawkes leapt 70 to 867½p as takeover speculation was fuelled by an announcement that Carl Fischer Inc, which owns 45.3 per cent of the musical instrument maker, was considering selling its stake. Under UK takeover rules, any buyer of 30 per cent or more of a company's shares must make an offer for the remaining stock. However, B&H said it was considering "alternative proposals" with its financial adviser.

Cadbury Schweppes fell 10 to 513½p after it posted soft drinks sales figures for the US in the first quarter. Cadbury said volume sales in the US rose 1 per cent in the first quarter. Volume sales of its Dr Pepper brand rose 5 per cent, while sales of its 7 Up and other brands dropped 2 per cent.

*BAT Industries drifted 3 to* 521p after the company reported its first-quarter figures. The profits came in at £591m, compared with average expectations of £567m, but dealers said the Farmers division struggled to meet expectations, and US tobacco sales growth looked paltry.

A positive trading statement from Inspec helped the specialist chemicals group lift 14 to 192½p. The com*pany said demand was firm* in most of its businesses and trading was "well in line with market expectations".

Among property stocks, Slough Estates improved 7½ to 317p as rumours of an announcement continued to circulate. It was a broker's recommendation that *boosted Great Portland* Estates. The shares hardened 4½ to 207p.

### FT 30 INDEX

| | Apr 30 | Apr 29 | Apr 28 | Apr 25 | Apr 24 | Yr ago | *High | *Low |
|---|---|---|---|---|---|---|---|---|
| FT 30 | 2898.4 | 2891.9 | 2889.7 | 2882.0 | 2869.1 | 2831.3 | 2931.4 | 2668.8 |
| Ord. div. yield | 3.81 | 3.82 | 3.86 | 3.87 | 3.87 | 3.92 | 4.22 | 3.76 |
| P/E ratio net | 17.43 | 17.38 | 17.20 | 17.13 | 17.17 | 16.67 | 18.09 | 15.80 |
| P/E ratio nil | 17.25 | 17.21 | 17.02 | 16.96 | 16.99 | 16.44 | 17.87 | 15.71 |

FT 30 since compilation: high 2931.4 10/03/97; low 49.4 26/06/40. Base Date: 1/7/35.

**FT 30 hourly changes**

| Open | 9.00 | 10.00 | 11.00 | 12.00 | 13.00 | 14.00 | 15.00 | 16.00 | High | Low |
|---|---|---|---|---|---|---|---|---|---|---|
| 2910.8 | 2903.0 | 2897.6 | 2899.4 | 2897.0 | 2897.0 | 2887.9 | 2888.8 | 2893.8 | 2911.0 | 2885.4 |

| | Apr 30 | Apr 29 | Apr 28 | Apr 25 | Apr 24 | Yr ago |
|---|---|---|---|---|---|---|
| SEAQ bargains | 60,533 | 56,026 | 50,735 | 45,572 | 46,319 | 31,202 |
| Equity turnover (£m)† | - | NA | 1695.3 | 1927.2 | 2177.3 | 1622.0 |
| Equity bargains† | - | NA | 39,062 | 39,822 | 41,067 | 35,300 |
| Shares traded (ml)† | - | NA | 644.7 | 627.1 | 730.9 | 605.1 |

†Excluding intra-market and overseas turnover but including Crest turnover.

| | Apr 30 | Apr 29 | Apr 28 | Apr 25 | Apr 24 | Yr ago | *High | *Low |
|---|---|---|---|---|---|---|---|---|
| FTSE AIM | 1080.4 | 1081.5 | 1085.8 | 1085.0 | 1086.8 | 1065.0 | 1140.4 | 985.7 |

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**London market data**

| Rises and falls* | | 52 Week highs and lows | | LIFFE Equity options | |
|---|---|---|---|---|---|
| Total Rises | 778 | Total Highs | 95 | Total contracts | 56,259 |
| Total Falls | 518 | Total Lows | 59 | Calls | 29,802 |
| Same | 1,109 | | | Puts | 26,457 |

Apr 30 *Data based on Equity shares listed on the London Share Service.

### FUTURES AND OPTIONS

**FTSE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)**

| | Open | Sett price | Change | High | Low | Est. vol | Open Int. |
|---|---|---|---|---|---|---|---|
| Jun | 4479.0 | 4452.0 | -8.0 | 4480.0 | 4416.0 | 15109 | 58430 |
| Sep | 4496.0 | 4482.0 | -8.0 | 4497.0 | 4481.0 | 92 | 3404 |
| Dec | | 4523.0 | - | | | 0 | 250 |

**FTSE 250 INDEX FUTURES (LIFFE) £10 per full index point**

| | Open | Sett price | Change | High | Low | Est. vol | Open Int. |
|---|---|---|---|---|---|---|---|
| Jun | 4505.0 | 4505.0 | -2.0 | 4505.0 | 4505.0 | 10 | 4891 |

**FTSE 100 INDEX OPTION (LIFFE) (*4431) £10 per full index point**

| | 4250 C | 4250 P | 4300 C | 4300 P | 4350 C | 4350 P | 4400 C | 4400 P | 4450 C | 4450 P | 4500 C | 4500 P | 4550 C | 4550 P | 4600 C | 4600 P |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| May | 203½ | 9 | 158½ | 14 | 118½ | 22½ | 79½ | 36 | 50 | 58 | 28 | 85½ | 13½ | 123 | 6 | 168½ |
| Jun | 234½ | 32 | 194 | 42 | 155½ | 53½ | 122½ | 71 | 92 | 91 | 68 | 118 | 47 | 147½ | 31½ | 184½ |
| Jul | 266½ | 48½ | 225½ | 59 | 186 | 71½ | 155½ | 90 | 123 | 108 | 98 | 133½ | 75½ | 162½ | 55½ | 195½ |
| Aug | 277½ | 64 | 238½ | 75½ | 205 | 91½ | 173½ | 110 | 142½ | 129½ | 117½ | 155 | 94½ | 182½ | 73½ | 213½ |
| Dec† | | | 332½ | 124½ | | | 268 | 158 | | | 208 | 200½ | | | 158½ | 250 |

Calls 14,374 Puts 6,495

**EURO STYLE FTSE 100 INDEX OPTION (LIFFE) £10 per full index point**

| | 4275 C | 4275 P | 4325 C | 4325 P | 4375 C | 4375 P | 4425 C | 4425 P | 4475 C | 4475 P | 4525 C | 4525 P | 4575 C | 4575 P | 4625 C | 4625 P |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| May | 179 | 11½ | 135½ | 17½ | 98 | 28 | 63 | 45 | 37½ | 69½ | 20½ | 102½ | 9½ | 141 | 4½ | 185½ |
| Jun | 211½ | 36 | 173 | 47 | 137½ | 61½ | 106 | 79½ | 78½ | 101½ | 56 | 128½ | 38 | 160 | 24½ | 196½ |
| Jul | 242½ | 51 | 204 | 62 | 169½ | 77 | 138½ | 95½ | 116 | 116 | 85½ | 140½ | 64 | 169 | 47 | 201 |
| Sep | | | 249½ | 96 | | | 186 | 130 | | | 131 | 173 | | | 88 | 228 |
| Dec† | | | 314½ | 124 | | | 251½ | 156½ | | | 185 | 197 | | | 146 | 244½ |

Calls 7,516 Puts 9,742 * Underlying index value. Premiums shown are based on settlement prices. † Long dated expiry months.

### LONDON RECENT ISSUES: EQUITIES

| Issue price p | Amt paid up | Mkt. cap (£m.) | 1997 High | 1997 Low | Stock | Close price p | +/- | Net div. | Div. cov. | Grs yld | P/E net |
|---|---|---|---|---|---|---|---|---|---|---|---|
| * | F.P. | 3,335 | 578½ | 532½ | Alliance & Leic | 573 | -1 | L16.3 | 2.5 | 3.6 | 14.1 |
| §100 | F.P. | 25.0 | 100 | 99 | Aurora Inv Trust | 100 | | - | - | - | - |
| § | F.P. | 5.87 | 44½ | 38½ | †Bickerton | 38½ | | - | - | - | 21.5 |
| - | F.P. | 4,334 | 306½ | 290½ | Cable & Wireless | 291 | -5 | - | - | - | - |
| §40 | F.P. | 12.6 | 65 | 54½ | †Charlton Athltc | 57½ | | - | - | - | - |
| | F.P. | 38.0 | 95 | 95 | Close Bros Pr VCT | 95 | | - | - | - | - |
| §130 | F.P. | 15.4 | 139½ | 132½ | †Comino | 139½ | | 2.25 | 4.6 | 2.0 | 13.1 |
| § | F.P. | 12.1 | 81½ | 70½ | Domestantonio | 80 | | 0.5 | ф | 0.8 | ф |
| - | F.P. | 12.6 | 127½ | 122½ | †Dragons Hlth Clubs | 126 | | - | - | - | 23.8 |
| §175 | F.P. | 25.9 | 212½ | 198 | Heal's | 212½ | | L3.9 | 3.1 | 2.3 | 16.5 |
| §110 | F.P. | 5.42 | 130½ | 122½ | †Lady in Leisure | 130½ | | b- | - | - | - |
| - | F.P. | 178.2 | 99 | 98½ | Mrtn Currie I&G Inc | 99 | | - | - | - | - |
| - | F.P. | 6.13 | 91 | 87½ | Do Cap | 91 | | - | - | - | - |
| §44 | F.P. | 4.06 | 50 | 45 | †Mallwen's | 48 | | - | - | - | - |
| 50 | F.P. | 19.6 | 54½ | 49½ | †NMT | 50 | -½ | - | - | - | - |
| §135 | F.P. | 171.2 | 144½ | 114 | Newcastle Utd | 119½ | -½ | u1.6 | - | 1.7 | - |
| * | F.P. | 1.71 | 28½ | 28½ | †Northstar Secs | 28½ | | - | - | - | - |
| | F.P. | 4.75 | 95 | 95 | Oxford Tech Vent | 95 | | - | - | - | - |
| - | F.P. | 31.3 | 169½ | 157½ | Partners Hldgs | 167½ | | a- | - | - | 19.4 |
| - | F.P. | 12.4 | 42½ | 38½ | †Petra Diamonds | 42½ | | - | - | - | - |
| - | F.P. | 0.29 | 17½ | 13½ | †Do Warrants | 17½ | | - | - | - | - |
| 143 | F.P. | 21.6 | 155½ | 150 | Qualceram | 155½ | | 22.6% | - | 1.5 | - |
| §100 | F.P. | 10.3 | 105½ | 102½ | †Soccer Investmnt | 103½ | | - | - | - | - |
| - | F.P. | 12.4 | 107½ | 107½ | †Torch Hldgs | 107½ | | - | - | - | - |
| - | F.P. | 88.9 | 74½ | 59 | Utd Overseas Grp | 74½ | +4 | - | - | - | 16.2 |

† Alternative Investment Market. § Placing price. * Introduction. For a full explanation of all other symbols please refer to The London Share Service notes.

### FTSE GOLD MINES INDEX

| | Apr 29 | % chg on day | Apr 28 | Year ago | Gross div yield % | P/E ratio | 52 week High | 52 week Low |
|---|---|---|---|---|---|---|---|---|
| Gold Mines Index (32) | 1476.76 | -0.4 | 1482.83 | 2285.09 | 2.27 | - | 2382.86 | 1475.28 |
| **Regional Indices** | | | | | | | | |
| Africa (14) | 1764.43 | -2.4 | 1807.08 | 3086.00 | 5.07 | 27.90 | 3197.52 | 1764.43 |
| Australasia (6) | 1815.79 | -1.0 | 1834.85 | 2761.58 | 2.95 | 19.75 | 2844.14 | 1799.26 |
| North America (12) | 1352.90 | +0.5 | 1346.00 | 2005.06 | 0.99 | 51.79 | 2126.45 | 1335.84 |

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### FTSE Actuaries Share Indices — The UK Series

Produced in conjunction with the Faculty and Institute of Actuaries

| | Apr 30 | Day's chge% | Apr 29 | Apr 28 | Apr 25 | Year ago | Div. yield% | Net cover | P/E ratio | Xd adj. ytd | Total Return |
|---|---|---|---|---|---|---|---|---|---|---|---|
| FTSE 100 | 4436.0 | +0.1 | 4433.2 | 4389.7 | 4369.7 | 3808.0 | 3.64 | 2.07 | 16.54 | 64.30 | 1883.53 |
| FTSE 250 | 4498.7 | -0.2 | 4507.0 | 4496.2 | 4500.5 | 4540.1 | 3.57 | 1.55 | 22.60 | 55.04 | 1866.32 |
| FTSE 250 ex IT | 4530.9 | -0.2 | 4541.7 | 4531.2 | 4536.1 | 4577.6 | 3.69 | 1.58 | 21.47 | 56.75 | 1884.68 |
| FTSE 350 | 2168.7 | ..... | 2168.4 | 2150.4 | 2143.0 | 1925.9 | 3.63 | 1.97 | 17.48 | 30.44 | 1880.21 |
| FTSE 350 Higher Yield | 2106.0 | +0.1 | 2102.9 | 2077.6 | 2069.1 | 1851.3 | 4.68 | 1.84 | 14.51 | 35.33 | 1544.87 |
| FTSE 350 Lower Yield | 2237.0 | -0.1 | 2239.7 | 2229.6 | 2223.5 | 2008.1 | 2.55 | 2.21 | 22.15 | 25.16 | 1589.38 |
| FTSE SmallCap | 2295.46 | +0.1 | 2293.08 | 2295.25 | 2298.67 | 2231.70 | 3.05 | 1.69 | 24.21 | 25.17 | 1938.86 |
| FTSE SmallCap ex IT | 2300.83 | ..... | 2300.38 | 2304.12 | 2308.58 | 2223.94 | 3.25 | 1.77 | 21.71 | 26.97 | 1959.05 |
| FTSE All-Share | 2135.31 | ..... | 2134.88 | 2118.62 | 2112.15 | 1909.39 | 3.59 | 1.95 | 17.85 | 29.47 | 1878.86 |

**FTSE Actuaries Industry Sectors**

| | Apr 30 | Day's chge% | Apr 29 | Apr 28 | Apr 25 | Year ago | Div. yield% | Net cover | P/E ratio | Xd adj. ytd | Total Return |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 10 MINERAL EXTRACTION(20) | 4120.59 | +0.4 | 4102.38 | 4085.20 | 4106.92 | 3513.34 | 3.62 | 2.15 | 16.07 | 70.31 | 1837.97 |
| 12 Extractive Industries(5) | 4157.49 | -0.2 | 4166.86 | 4122.94 | 4137.94 | 4670.13 | 3.79 | 2.38 | 13.84 | 104.80 | 1270.81 |
| 15 Oil, Integrated(3) | 4251.24 | +0.7 | 4221.62 | 4203.63 | 4226.50 | 3514.18 | 3.82 | 2.11 | 15.51 | 70.72 | 1947.84 |
| 16 Oil Exploration & Prod(12) | 3423.03 | -0.9 | 3453.48 | 3469.79 | 3478.06 | 2491.67 | 1.69 | 2.19 | 33.81 | 35.20 | 2095.52 |
| 20 GEN INDUSTRIALS(270) | 1949.07 | -0.1 | 1950.24 | 1951.37 | 1958.08 | 2158.62 | 4.08 | 1.91 | 16.08 | 27.24 | 1105.40 |
| 21 Building & Construction(35) | 1373.58 | +0.2 | 1370.73 | 1365.99 | 1366.51 | 1250.34 | 3.14 | 1.94 | 20.49 | 21.10 | 1191.38 |
| 22 Building Matls & Merchs(31) | 1882.52 | -0.3 | 1888.20 | 1887.07 | 1892.62 | 2000.24 | 4.26 | 2.77 | 10.60 | 29.04 | 968.22 |
| 23 Chemicals(26) | 2248.54 | +0.5 | 2238.47 | 2223.68 | 2228.37 | 2569.87 | 4.67 | 1.46 | 18.34 | 38.84 | 1109.99 |
| 24 Diversified Industrials(17) | 1468.35 | +0.3 | 1463.67 | 1465.43 | 1458.99 | 1809.54 | 4.76 | 2.04 | 12.84 | 28.70 | 865.22 |
| 25 Electronic & Elect Equip(36) | 2101.24 | -1.3 | 2128.62 | 2128.72 | 2137.39 | 2433.89 | 3.74 | 1.56 | 21.35 | 8.12 | 1120.04 |
| 26 Engineering(69) | 2493.97 | +0.2 | 2489.66 | 2498.07 | 2512.56 | 2493.04 | 3.40 | 2.46 | 14.94 | 30.51 | 1561.43 |
| 27 Engineering, Vehicles(13) | 2723.44 | +1.7 | 2678.13 | 2680.60 | 2713.67 | 3018.08 | 4.09 | ‡ | ‡ | 38.40 | 1457.84 |
| 28 Paper, Pckg & Printing(27) | 2366.16 | -1.5 | 2402.84 | 2425.09 | 2443.80 | 2790.93 | 4.42 | 1.87 | 15.14 | 40.53 | 1025.59 |
| 29 Textiles & Apparel(14) | 1067.90 | -0.4 | 1072.05 | 1070.63 | 1078.76 | 1445.93 | 6.60 | 0.96 | 19.76 | 10.66 | 682.34 |
| 30 CONSUMER GOODS(84) | 4336.90 | +0.7 | 4307.10 | 4251.69 | 4234.44 | 3561.37 | 3.50 | 1.82 | 19.64 | 77.92 | 1671.14 |
| 32 Alcoholic Beverages(7) | 2967.76 | -0.1 | 2969.54 | 2857.65 | 2854.51 | 2850.53 | 4.43 | 1.89 | 14.96 | 62.25 | 1123.44 |
| 33 Food Producers(25) | 2888.09 | -0.3 | 2895.93 | 2889.54 | 2880.99 | 2497.26 | 3.82 | 1.87 | 17.46 | 50.37 | 1360.36 |
| 34 Household Goods(17) | 2908.46 | +0.4 | 2896.82 | 2900.10 | 2921.80 | 2735.11 | 3.55 | 2.32 | 15.17 | 53.41 | 1195.58 |
| 36 Health Care(15) | 2235.05 | +0.5 | 2222.86 | 2216.33 | 2213.41 | 2063.20 | 2.65 | 1.63 | 28.83 | 13.35 | 1389.33 |
| 37 Pharmaceuticals(18) | 7011.73 | +1.5 | 6905.04 | 6762.57 | 6697.20 | 5073.15 | 2.63 | 1.71 | 27.68 | 104.77 | 2461.46 |
| 38 Tobacco(2) | 4346.14 | -0.6 | 4371.99 | 4312.31 | 4389.54 | 4290.50 | 6.23 | 1.87 | 10.71 | 147.58 | 1156.69 |
| 40 SERVICES(271) | 2614.87 | -0.2 | 2620.05 | 2618.00 | 2621.60 | 2528.12 | 2.97 | 1.98 | 21.48 | 27.11 | 1401.02 |
| 41 Distributors(30) | 2688.49 | -0.6 | 2703.97 | 2702.95 | 2716.25 | 2983.36 | 3.40 | 1.94 | 18.91 | 37.40 | 1024.90 |
| 42 Leisure & Hotels(31) | 3373.54 | -0.3 | 3383.47 | 3376.42 | 3364.05 | 3243.80 | 2.70 | 1.77 | 26.16 | 57.52 | 1886.20 |
| 43 Media(44) | 4230.19 | -0.1 | 4236.28 | 4225.26 | 4225.70 | 4252.54 | 2.31 | 1.96 | 27.55 | 55.29 | 1569.62 |
| 44 Retailers, Food(15) | 2005.88 | ..... | 2006.79 | 2011.16 | 2013.64 | 1947.30 | 4.02 | 2.29 | 13.58 | 22.51 | 1320.88 |
| 45 Retailers, General(53) | 2051.17 | -0.3 | 2057.27 | 2058.29 | 2064.62 | 2075.98 | 3.26 | 2.04 | 18.85 | 14.61 | 1206.70 |
| 47 Breweries, Pubs & Rest.(22) | 3250.56 | -0.1 | 3252.26 | 3257.18 | 3256.71 | 3172.18 | 3.34 | 2.10 | 17.79 | 17.33 | 1603.59 |
| 48 Support Services(54) | 2877.91 | -0.2 | 2883.77 | 2896.86 | 2904.65 | 2347.04 | 1.80 | 2.59 | 26.74 | 19.24 | 1870.26 |
| 49 Transport(22) | 2787.74 | -0.2 | 2792.75 | 2772.48 | 2783.61 | 2437.88 | 3.49 | 1.26 | 28.34 | 30.52 | 1204.77 |
| 60 UTILITIES(31) | 2755.41 | -0.3 | 2762.67 | 2748.00 | 2728.84 | 2558.85 | 4.91 | 1.55 | 16.42 | 5.34 | 1252.24 |
| 62 Electricity(9) | 3017.73 | -0.6 | 3035.60 | 3006.07 | 2982.97 | 2578.87 | 5.73 | 2.18 | 10.00 | 22.06 | 1666.82 |
| 64 Gas Distribution(2) | 1586.35 | ..... | 1586.35 | 1596.45 | 1606.54 | 1583.75 | 7.69 | ‡ | ‡ | 0.00 | 868.01 |
| 66 Telecommunications(8) | 2286.70 | -0.1 | 2288.85 | 2275.59 | 2254.10 | 2141.44 | 3.70 | 1.75 | 19.36 | 0.38 | 1079.70 |
| 68 Water(12) | 2573.59 | -0.4 | 2584.95 | 2575.70 | 2580.16 | 2148.53 | 5.79 | 2.33 | 9.26 | 0.00 | 1488.48 |
| 69 NON-FINANCIALS(676) | 2171.79 | +0.1 | 2169.39 | 2159.85 | 2159.56 | 2042.92 | 3.66 | 1.87 | 18.31 | 27.22 | 1714.34 |
| 70 FINANCIALS(106) | 4052.85 | -0.4 | 4067.45 | 3986.84 | 3930.48 | 2864.46 | 3.54 | 2.35 | 15.00 | 78.92 | 1825.43 |
| 71 Banks, Retail(8) | 6019.75 | -0.7 | 6064.54 | 5934.30 | 5829.05 | 3901.46 | 3.38 | 2.66 | 14.13 | 122.52 | 2058.34 |
| 73 Insurance(18) | 1736.91 | +0.7 | 1724.20 | 1688.32 | 1674.02 | 1381.62 | 4.87 | 2.30 | 10.93 | 43.44 | 1379.97 |
| 74 Life Assurance(7) | 4742.65 | -0.6 | 4772.84 | 4645.42 | 4565.02 | 3651.63 | 3.71 | 1.97 | 17.11 | 121.00 | 2071.60 |
| 77 Other Financial(29) | 3150.82 | +0.3 | 3140.35 | 3120.67 | 3117.69 | 2659.08 | 3.31 | 1.92 | 19.68 | 38.34 | 1863.04 |
| 79 Property(44) | 1913.03 | +0.7 | 1900.43 | 1877.44 | 1870.05 | 1579.98 | 3.34 | 1.31 | 28.67 | 13.53 | 1217.97 |
| 80 INVESTMENT TRUSTS(127) | 3283.08 | +0.4 | 3271.15 | 3259.96 | 3266.55 | 3274.83 | 2.23 | 1.14 | 49.13 | 23.47 | 1171.26 |
| 89 FTSE All-Share(909) | 2135.31 | ..... | 2134.88 | 2118.62 | 2112.15 | 1909.39 | 3.59 | 1.95 | 17.85 | 29.47 | 1878.86 |
| FTSE Fledgling | 1300.46 | -0.1 | 1302.41 | 1304.08 | 1308.26 | 1243.37 | 2.99 | 0.78 | 53.70 | 12.42 | 1398.83 |
| FTSE Fledgling ex IT | 1321.88 | -0.3 | 1325.25 | 1327.35 | 1332.42 | 1251.03 | 3.29 | 0.74 | 51.01 | 13.44 | 1422.93 |

**Hourly movements**

| | Open | 9.00 | 10.00 | 11.00 | 12.00 | 13.00 | 14.00 | 15.00 | 16.10 | High/day | Low/day |
|---|---|---|---|---|---|---|---|---|---|---|---|
| FTSE 100 | 4465.9 | 4453.6 | 4444.9 | 4444.6 | 4439.8 | 4433.9 | 4417.6 | 4418.2 | 4431.4 | 4466.5 | 4414.3 |
| FTSE 250 | 4522.0 | 4519.9 | 4517.5 | 4512.3 | 4510.8 | 4509.0 | 4500.8 | 4497.3 | 4498.9 | 4522.7 | 4497.2 |
| FTSE 350 | 2182.6 | 2177.6 | 2174.0 | 2173.4 | 2171.3 | 2168.8 | 2161.7 | 2161.6 | 2166.9 | 2182.9 | 2160.2 |

Time of FTSE 100 Day's high: 8:32 AM Day's low: 2:42 PM. FTSE 100 1996/97 High: 4444.3 (11/03/97) Low: 3632.3 (24/12/96).

**FTSE 350 Industry baskets**

| | Open | 9.00 | 10.00 | 11.00 | 12.00 | 13.00 | 14.00 | 15.00 | 16.10 | Close | Previous | Change |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Bldg & Cnstrcn | 1259.7 | 1260.6 | 1261.7 | 1259.6 | 1259.6 | 1259.6 | 1258.3 | 1257.9 | 1258.4 | 1259.5 | 1255.6 | +3.9 |
| Pharmaceuticls | 6937.3 | 6928.9 | 6912.2 | 6911.3 | 6902.3 | 6882.6 | 6854.5 | 6873.5 | 6924.7 | 6934.0 | 6826.7 | +107.3 |
| Water | 2580.1 | 2563.9 | 2567.7 | 2573.6 | 2574.7 | 2573.5 | 2572.7 | 2570.0 | 2570.3 | 2570.3 | 2582.0 | -11.7 |
| Banks, Retail | 6198.0 | 6186.5 | 6123.2 | 6115.0 | 6109.2 | 6081.0 | 6044.7 | 6047.6 | 6084.5 | 6096.6 | 6141.9 | -45.3 |

For further information on the FTSE Actuaries Share Indices please contact FTSE International on 0171 448 1810.

 † Sector P/E ratios greater than 80 and net covers greater than 30 are not shown. ‡ Values are negative. Insert: David Service Group (FTSE 250). Deletion: David Service Group (FTSE SmallCap); Chubb Security (FTSE 250 & 48); Rowlinson Securities (FTSE Fledgling).

FTSE INTERNATIONAL

### TRADING VOLUME

**Major Stocks Yesterday**

| | Vol. 000s | Closing price | Day's change |
|---|---|---|---|
| 3i† | 196 | 506½ | -1 |
| ASDA Group† | 7,600 | 115¼ | -¼ |
| Abbey National† | 4,600 | 667½ | +6 |
| Airtours | 72 | 916½ | [illegible] |
| Albert Fisher | 4,300 | 39½ | [illegible] |
| Alliance & Leicester | 3,300 | 573 | [illegible] |
| Allied Domecq† | 2,600 | 436½ | [illegible] |
| Anglian Water | 679 | 671 | [illegible] |
| Argos | 183 | 642½ | [illegible] |
| Arjo Wiggins | 2,700 | 181 | [illegible] |
| Assoc. Brit. Foods† | 278 | 533 | [illegible] |
| Assoc. Brit. Ports | 1,700 | 265 | [illegible] |
| BAA† | 2,000 | 511½ | [illegible] |
| BAT Inds.† | 5,300 | 521 | [illegible] |
| BBA | 1,600 | 334 | [illegible] |
| BICC | 1,600 | 230½ | [illegible] |
| BOC† | 1,300 | 945½ | [illegible] |
| BG† | 39,200 | 178 | [illegible] |
| BP† | 11,900 | 708 | [illegible] |
| BPB | 4,100 | 332½ | [illegible] |
| BSkyB† | 2,500 | 569½ | [illegible] |
| BT† | 25,500 | 452½ | [illegible] |
| BTR† | 10,000 | 252½ | [illegible] |
| Bank of Scotland† | 5,800 | 370 | [illegible] |
| Barclays† | 4,600 | 1148 | [illegible] |
| Bass† | 1,400 | 798½ | [illegible] |
| Blue Circle† | 4,300 | 419 | [illegible] |
| Booker | 198 | 313½ | [illegible] |
| Boots† | 1,600 | 692 | [illegible] |
| Britannic | 662 | 852 | [illegible] |
| Brit. Aerospace† | 711 | 1311 | [illegible] |
| British Airways† | 2,000 | 708 | [illegible] |
| British Biotech | 552 | 241½ | [illegible] |
| British Energy | 7,400 | 131 | [illegible] |
| British Land† | 2,000 | 579 | [illegible] |
| British Steel† | 13,600 | 142½ | [illegible] |
| Burmah Castrol† | 4,100 | 1012½ | [illegible] |
| Burton† | 1,800 | 152½ | [illegible] |
| Cable & Wire† | 3,700 | 475½ | [illegible] |
| Cadbury Schweppes† | 4,900 | 513½ | [illegible] |
| Caradon | 2,800 | 248½ | [illegible] |
| Carlton Comms.† | 2,200 | 505 | [illegible] |
| Centrica† | 24,900 | 56¾ | [illegible] |
| Chubb | 164 | 446 | [illegible] |
| Coats Viyella | 3,400 | 131½ | [illegible] |
| Comm. Union† | 2,600 | 682½ | [illegible] |
| Compass | 488 | 679 | [illegible] |
| Cookson | 176 | 216½ | [illegible] |
| Courtaulds | 1,300 | 332½ | [illegible] |
| Dalgety | 250 | 314 | [illegible] |
| De La Rue | 82 | 552½ | [illegible] |
| Dixons† | 2,900 | 508 | [illegible] |
| EMAP | 356 | 765½ | [illegible] |
| EMI† | 2,800 | 1224 | [illegible] |
| Electrocomps | 2,000 | 385 | [illegible] |
| Energy Group† | 3,200 | 487½ | [illegible] |
| Enterprise Oil† | 2,900 | 606½ | [illegible] |
| FKI | 3,200 | 182 | [illegible] |
| Foreign & Col. I.T. | 1,700 | 153½ | [illegible] |
| Gen. Accident† | 2,800 | 880 | [illegible] |
| General Elect.† | 3,700 | 367 | [illegible] |
| Glaxo Wellcome† | 12,000 | 1213½ | [illegible] |
| Glynwed | 1,300 | 261 | [illegible] |
| Granada† | 2,300 | 890 | [illegible] |
| Grand Met.† | 3,800 | 518 | [illegible] |
| GUS† | 928 | 638 | [illegible] |
| Greenalls | 3,000 | 499½ | [illegible] |
| GRE† | 4,700 | 275½ | [illegible] |
| GKN† | 1,700 | 951 | [illegible] |
| Guinness† | 5,200 | 510 | [illegible] |
| HSBC (75p shs)† | 4,600 | 1620 | [illegible] |
| Hammerson | 228 | 450½ | [illegible] |
| Hanson† | 1,800 | 298½ | [illegible] |
| Harrisons Crosfield | 8,100 | 122½ | [illegible] |
| Hays† | 601 | 546½ | [illegible] |
| Hillsdown | 9,300 | 181½ | [illegible] |
| Hyder | 233 | 858½ | [illegible] |
| IMI | 1,600 | 364 | [illegible] |
| ICI† | 1,800 | 701 | [illegible] |
| Imperial Tobacco† | 591 | 405 | [illegible] |
| Inchcape | 2,800 | 274 | [illegible] |
| Johnson Matthey | 268 | 600½ | [illegible] |
| Kingfisher† | 829 | 688 | [illegible] |
| Kwik Save | 22 | 302½ | [illegible] |
| Ladbroke† | 1,400 | 231½ | [illegible] |
| Land Securities† | 1,800 | 801½ | [illegible] |
| Laporte | 181 | 684½ | [illegible] |
| Legal & General† | 3,900 | 414 | [illegible] |
| Lloyds TSB† | 13,300 | 584 | [illegible] |
| LASMO† | 1,400 | 224 | [illegible] |
| Lonrho | 2,800 | 137½ | [illegible] |
| LucasVarity† | 5,700 | 185½ | [illegible] |
| MEPC | 885 | 453 | [illegible] |
| MFI | 724 | 136½ | [illegible] |
| Marks & Spencer† | 3,700 | 490 | [illegible] |
| Mercury Asset Mgmt† | 202 | 1336½ | [illegible] |
| Morrison (Wm.) | 2,500 | 159 | [illegible] |
| NFC | [illegible] | [illegible] | [illegible] |
| NatWest† | [illegible] | [illegible] | [illegible] |
| National Grid† | [illegible] | [illegible] | [illegible] |
| National Power† | [illegible] | [illegible] | [illegible] |
| Next† | [illegible] | [illegible] | [illegible] |
| Northern Foods | [illegible] | [illegible] | [illegible] |
| Orange† | [illegible] | [illegible] | [illegible] |
| Pearson† | [illegible] | [illegible] | [illegible] |
| P & O† | [illegible] | [illegible] | [illegible] |
| Pilkington | [illegible] | [illegible] | [illegible] |
| PowerGen† | [illegible] | [illegible] | [illegible] |
| Premier Farnell | [illegible] | [illegible] | [illegible] |
| Provident Financial | [illegible] | [illegible] | [illegible] |
| Prudential† | [illegible] | [illegible] | [illegible] |
| REXAM | [illegible] | [illegible] | [illegible] |
| RMC† | [illegible] | [illegible] | [illegible] |
| RTZ† | [illegible] | [illegible] | [illegible] |
| Racal | [illegible] | [illegible] | [illegible] |
| Railtrack† | [illegible] | [illegible] | [illegible] |
| Rank Group† | [illegible] | [illegible] | [illegible] |
| Reckitt & Colman† | [illegible] | [illegible] | [illegible] |
| Redland | [illegible] | [illegible] | [illegible] |
| Reed Intl.† | [illegible] | [illegible] | [illegible] |
| Rentokil Initial† | [illegible] | [illegible] | [illegible] |
| Reuters† | [illegible] | [illegible] | [illegible] |
| Rolls Royce† | [illegible] | [illegible] | [illegible] |
| Royal & Sun Alliance† | [illegible] | [illegible] | [illegible] |
| Royal Bk Scotland† | [illegible] | [illegible] | [illegible] |
| Safeway† | [illegible] | [illegible] | [illegible] |
| Sainsbury† | [illegible] | [illegible] | [illegible] |
| Schroders† | [illegible] | [illegible] | [illegible] |
| Scottish & Newcastle† | [illegible] | [illegible] | [illegible] |
| Scot. Hydro-Electric | [illegible] | [illegible] | [illegible] |
| Scottish Power† | [illegible] | [illegible] | [illegible] |
| Sears | [illegible] | [illegible] | [illegible] |
| Securicor | [illegible] | [illegible] | [illegible] |
| Severn Trent† | [illegible] | [illegible] | [illegible] |
| Shell Transport† | [illegible] | [illegible] | [illegible] |
| Siebe† | [illegible] | [illegible] | [illegible] |
| Slough Estates | [illegible] | [illegible] | [illegible] |
| Smith (W.H.) | [illegible] | [illegible] | [illegible] |
| Smith & Nephew† | [illegible] | [illegible] | [illegible] |
| SmKl Beecham† | [illegible] | [illegible] | [illegible] |
| Smiths Inds† | [illegible] | [illegible] | [illegible] |
| Southern Electric† | [illegible] | [illegible] | [illegible] |
| South West Water | [illegible] | [illegible] | [illegible] |
| Stagecoach | [illegible] | [illegible] | [illegible] |
| Standard Chartered† | [illegible] | [illegible] | [illegible] |
| Storehouse | [illegible] | [illegible] | [illegible] |
| T&N | [illegible] | [illegible] | [illegible] |
| TI Group† | [illegible] | [illegible] | [illegible] |
| Tarmac | [illegible] | [illegible] | [illegible] |
| Tate & Lyle† | [illegible] | [illegible] | [illegible] |
| Taylor Woodrow | [illegible] | [illegible] | [illegible] |
| TeleWest Comms | [illegible] | [illegible] | [illegible] |
| Tesco† | [illegible] | [illegible] | [illegible] |
| Thames Water† | [illegible] | [illegible] | [illegible] |
| Thistle Hotels | [illegible] | [illegible] | [illegible] |
| Thorn | [illegible] | [illegible] | [illegible] |
| Tomkins† | [illegible] | [illegible] | [illegible] |
| Unigate | [illegible] | [illegible] | [illegible] |
| Unilever† | [illegible] | [illegible] | [illegible] |
| United Biscuits | [illegible] | [illegible] | [illegible] |
| Utd. News & Media† | [illegible] | [illegible] | [illegible] |
| United Utilities† | [illegible] | [illegible] | [illegible] |
| Vodafone† | [illegible] | [illegible] | [illegible] |
| WPP | [illegible] | [illegible] | [illegible] |
| Wessex Water | [illegible] | [illegible] | [illegible] |
| Whitbread† | [illegible] | [illegible] | [illegible] |
| Williams Hldgs. | [illegible] | [illegible] | [illegible] |
| Wimpey | [illegible] | [illegible] | [illegible] |
| Wolseley† | [illegible] | [illegible] | [illegible] |
| Yorkshire Electric | [illegible] | [illegible] | [illegible] |
| Yorkshire Water | [illegible] | [illegible] | [illegible] |
| Zeneca† | [illegible] | [illegible] | [illegible] |

Based on trading volume for a selection of major securities dealt through the SEAQ system yesterday until 4.30pm. † Indicates an FTSE 100 index constituent. All figures are rounded. Source: Extel, part of FT Information.

Highs & Lows shown on a 52 week basis

# WORLD STOCK MARKETS

## EUROPE

AUSTRIA (Apr 30 / Sch)

BELGIUM/LUXEMBOURG (Apr 30 / Frs.)

CZECH REP (Apr 30 / Koruna)

DENMARK (Apr 30 / Kr)

FINLAND (Apr 30 / Mks)

FRANCE (Apr 30 / Frs.)

GERMANY (Apr 30 / Dm.)

GREECE (Apr 30 / Drachma)

ITALY (Apr 30 / Lire)

NETHERLANDS (Apr 29 / Frs.)

NORWAY (Apr 30 / Kroner)

POLAND (Apr 30 / Zloty)

PORTUGAL (Apr 30 / Escudo)

SPAIN (Apr 30 / Pts.)

SWEDEN (Apr 30 / Kronor)

SWITZERLAND (Apr 30 / Frs.)

TURKEY (Apr 30 / Tk.Lira)

## PACIFIC

JAPAN (Apr 30 / Yen)

HONG KONG (Apr 30 / H.K.$)

INDONESIA (Apr 30 / Rupiah)

MALAYSIA (Apr 30 / MYR)

NEW ZEALAND (Apr 30 / NZ.$)

SINGAPORE (Apr 30 / S$)

AUSTRALIA (Apr 30 / Aust$)

SOUTH KOREA (Apr 30 / Won)

TAIWAN (Apr 30 / TW $)

THAILAND (Apr 30 / Baht)

## AFRICA

SOUTH AFRICA (Apr 30 / Rand)

## NORTH AMERICA

CANADA

TORONTO (Apr 30 / Can $)
4 pm close

MONTREAL (Apr 30 / Can $)
4 pm close



## INDICES

| | Apr 30 | Apr 29 | Apr 28 | 1997 High | 1997 Low |
|---|---|---|---|---|---|
| **Argentina** | | | | | |
| General(29/12/77) | (u) | 20985.06 | 20571.10 | 21591.32 24/2 | 18237.37 2/1 |
| **Australia** | | | | | |
| All Ordinaries(1/1/80) | 2489.0 | 2479.1 | 2461.7 | 2501.78 18/2 | 2352.20 1/4 |
| All Mining(1/1/80) | 893.0 | 895.3 | 897.2 | 987.10 24/2 | 878.49 15/4 |
| **Austria** | | | | | |
| Credit Aktien(30/12/84) | 400.21 | 402.03 | 402.21 | 416.23 11/3 | 374.49 9/1 |
| Traded Index(2/1/91) | 1194.23 | 1198.17 | 1202.57 | 1255.43 11/3 | 1130.22 9/1 |
| **Belgium** | | | | | |
| BEL20(1/1/91) | 2245.51 | 2234.98 | 2217.16 | 2245.51 30/4 | 1871.05 2/1 |
| **Brazil** | | | | | |
| Bovespa(29/12/83) | (u) | 9858.0 | 9782.0 | 9858.89 29/4 | 8.08 29/4 |
| **Canada** | | | | | |
| Metals Minls(1975) | (u) | 5163.26 | 5139.63 | 5881.75 10/3 | 4945.96 11/4 |
| Composite(1975) | (u) | 5903.80 | 5835.6 | 6332.90 10/3 | 5679.30 14/4 |
| Portfolio SS(4/1/83) | (u) | 3000.35 | 2955.83 | 3214.19 10/3 | 2848.02 11/4 |
| **Chile** | | | | | |
| IGPA Gen(31/12/80) | (u) | 5380.29 | 5312.48 | 5443.82 25/2 | 4812.42 2/1 |
| **Denmark** | | | | | |
| Copenhagen SE(3/1/83) | 545.38 | 544.33 | 543.38 | 555.48 11/3 | 470.14 2/1 |
| **Finland** | | | | | |
| HEX General(28/12/90) | 2933.76 | 2930.53 | 2858.90 | 3006.38 11/3 | 2483.28 2/1 |
| **France** | | | | | |
| SBF 250(31/12/90) | 1767.83 | 1750.14 | 1723.89 | 1815.36 10/3 | 1533.19 2/1 |
| CAC 40(31/12/87) | 2639.46 | 2602.86 | 2550.25 | 2709.21 10/3 | 2256.97 2/1 |
| **Germany** | | | | | |
| FAZ Aktien(31/12/58) | 1179.76 | 1162.45 | 1161.70 | 1192.09 11/3 | 986.21 2/1 |
| Commerzbank(1/12/53) | 3458.4 | 3404.5 | 3400.8 | 3472.20 27/3 | 2876.90 2/1 |
| DAX(30/12/87) | 3436.07 | 3383.19 | 3363.06 | 3460.59 11/3 | 2848.77 2/1 |
| **Greece** | | | | | |
| Athens SE(31/12/80) | 1467.51 | 1484.75 | (c) | 1467.51 30/4 | 864.54 2/1 |
| **Hong Kong** | | | | | |
| Hang Seng(31/7/64) | 12903.30 | 12800.42 | 12610.17 | 13868.24 20/1 | 12055.17 3/4 |
| **India** | | | | | |
| BSE Sens.(1979) | 3841.11 | 3808.65 | 3825.51 | 3844.81 4/3 | 3225.24 2/1 |
| **Indonesia** | | | | | |
| Jakarta Comp.(10/8/82) | 652.05 | 647.23 | 658.53 | 712.80 26/2 | 631.27 15/4 |
| **Ireland** | | | | | |
| ISEQ Overall(4/1/88) | 3104.81 | 3051.68 | 3025.42 | 3104.81 30/4 | 2725.07 2/1 |
| **Italy** | | | | | |
| Banca Comm Ital(1972) | 787.62 | 759.49 | 758.41 | 787.71 10/2 | 642.55 2/1 |
| MIB General(2/1/97) | 1155.0 | 1142.0 | 1141.0 | 1197.00 10/2 | 991.80 2/1 |
| **Japan** | | | | | |
| Nikkei 225(16/5/49) | 19151.12 | (c) | 18870.37 | 19446.80 6/1 | 17303.65 10/1 |
| Nikkei 300(1/10/82) | 278.75 | (c) | 273.71 | 282.45 6/1 | 251.04 27/1 |
| Topix(4/1/68) | 1441.19 | (c) | 1410.85 | 1489.86 6/1 | 1320.82 10/4 |
| 2nd Section(4/1/68) | 1667.00 | (c) | 1654.07 | 1829.21 6/1 | 1616.50 15/4 |
| **Malaysia** | | | | | |
| KLSE Comp.(4/4/86) | 1080.17 | 1059.51 | 1074.86 | 1271.57 25/2 | 1059.51 29/4 |
| **Mexico** | | | | | |
| IPC(Nov 1978) | (u) | 3757.26 | 3756.19 | 3938.68 25/2 | 3359.46 2/1 |
| **Netherland** | | | | | |
| CBS TRtn Gen(End 83) | (c) | 883.3 | 868.3 | 885.70 11/3 | 730.80 2/1 |
| CBS All Shr(End 83) | (c) | 516.5 | 508.0 | 519.80 11/3 | 429.00 2/1 |
| **New Zealand** | | | | | |
| Cap. 40(1/7/86) | 2261.83 | 2249.13 | 2240.22 | 2440.21 20/1 | 2207.48 1/4 |
| **Norway** | | | | | |
| Oslo SE Ind(2/1/83) | 1855.34 | 1853.48 | 1834.40 | 1941.49 20/2 | 1639.03 2/1 |
| **Philippines** | | | | | |
| Manila Comp(2/1/85) | 2648.17 | 2708.44 | 2637.31 | 3447.60 3/2 | 2648.17 30/4 |
| **Portugal** | | | | | |
| BNL 30(4/1/93) | 2724.54 | 2705.46 | 2685.53 | 2724.54 30/4 | 2165.57 2/1 |
| **Singapore** | | | | | |
| SES All-S'pore(2/4/75) | 484.79 | 479.94 | 483.35 | 573.03 17/2 | 479.94 29/4 |
| **South Africa** | | | | | |
| JSE Gold(28/9/78) | 1187.0♥ | 1205.2 | (c) | 1588.18 27/2 | 1187.00 30/4 |
| JSE Ind.(28/9/78) | 8494.3♥ | 8451.4 | (c) | 8494.38 30/4 | 7859.50 2/1 |
| **South Korea** | | | | | |
| KoreaCompEx(4/1/80) | 703.23 | 704.05 | 704.16 | 721.08 14/2 | 611.85 7/1 |
| **Spain** | | | | | |
| Madrid SE(30/12/85) | 513.35 | 507.79 | 501.17 | 513.35 30/4 | 434.54 2/1 |
| **Sweden** | | | | | |
| AffarsvarldenGen(1/2/37) | 2679.8 | 2661.2 | 2610.5 | 2832.40 10/3 | 2378.50 2/1 |
| **Switzerland** | | | | | |
| Swiss Bk Ind(31/12/58) | (u) | 2316.85 | 2299.43 | 2299.43 29/4 | 1817.95 13/1 |
| SBC General(1/4/87) | (u) | 1620.58 | 1609.06 | 1609.06 29/4 | 1318.14 6/1 |
| **Taiwan** | | | | | |
| Weighted Pr.**(30/6/66) | 8485.66 | 8592.44 | 8660.76 | 8681.72 26/4 | 6844.75 6/1 |
| **Thailand** | | | | | |
| Bangkok SET(30/4/75) | 661.29 | 658.59 | 672.48 | 858.97 22/1 | 658.59 29/4 |
| **Turkey** | | | | | |
| IMKB Nat 100(1986) | 1427.0 | 1435.0 | 1441.0 | 1854.00 21/3 | 985.80 2/1 |
| **WORLD** | | | | | |
| MS Capital Intl(1/1/70) | 843.3* | 837.5 | 823.5 | 864.40 25/2 | 794.60 14/4 |
| **CROSS-BORDER** | | | | | |
| Eurotrack 100(26/10/90) | 2224.77 | 2210.83 | 2152.47 | 2231.98 11/3 | 1893.80 2/1 |
| Euro Top-100(26/6/90) | 1910.32 | 1896.77 | 1870.94 | 1910.32 30/4 | 1582.89 2/1 |
| HSBC JC Drgn(31/12/88) | (u) | 381.54 | 384.61 | 429.46 20/1 | 381.54 29/4 |
| MS Emrgs Emg(7/1/92) | 173.29 | 172.51 | 173.62 | 181.33 26/2 | 159.74 3/1 |

## US INDICES

| Dow Jones | Apr 29 | Apr 28 | Apr 25 | 1997 High | 1997 Low | Since compilation High | Since compilation Low |
|---|---|---|---|---|---|---|---|
| Industrials | 6962.03 | 6783.02 | 6738.87 | 7085.16 (11/3) | 6391.69 (11/4) | 7085.16 (11/3/97) | 41.22 (8/7/32) |
| Home Bonds | 101.49 | 101.24 | 101.38 | 103.83 (19/2) | 101.09 (14/4) | 109.77 (18/10/93) | 54.99 (1/10/81) |
| Transport | 2569.15 | 2531.85 | 2512.74 | 2580.55 (23/4) | 2222.07 (2/1) | 2580.55 (23/4/97) | 13.23 (8/7/32) |
| Utilities | 218.39 | 213.46 | 208.47 | 240.85 (22/1) | 208.47 (25/4) | 256.48 (31/8/93) | 10.53 (8/7/32) |

DJ Ind. Day's high 6998.15 (6826.37) Low 6820.75 (6691.51) (Theoretical♣)
Day's high 6970.98 (6788.64) Low 6783.83 (6701.15) (Actual♣)

| Standard and Poors | Apr 29 | Apr 28 | Apr 25 | 1997 High | 1997 Low | Since compilation High | Since compilation Low |
|---|---|---|---|---|---|---|---|
| Composite‡ | 794.05 | 772.96 | 765.37 | 816.29 (18/2) | 737.01 (2/1) | 816.29 (18/2/97) | 4.40 (1/6/32) |
| Industrials♥ | 933.07 | 908.41 | 902.73 | 950.96 (18/2) | 865.42 (11/4) | 950.96 (18/2/97) | 3.52 (30/6/32) |
| Financial | 90.09 | 86.77 | 84.86 | 97.25 (10/3) | 80.75 (2/1) | 97.25 (10/3/97) | 7.13 (4/9/74) |
| NYSE Comp. | 413.62 | 403.69 | 400.38 | 427.70 (10/3) | 389.47 (11/4) | 427.70 (10/3/97) | 4.64 (25/4/42) |
| Amex Comp. | 548.03 | 541.20 | 542.83 | 603.63 (10/3) | 541.20 (28/4) | 617.61 (22/5/96) | 524.20 (16/7/96) |
| NASDAQ Comp | 1242.53 | 1217.03 | 1209.29 | 1388.06 (22/1) | 1201.00 (2/4) | 1388.06 (22/1/97) | 54.87 (3/10/74) |

### ■ RATIOS

| | Apr 25 | Apr 18 | Apr 11 | Year ago |
|---|---|---|---|---|
| Dow Jones Ind. Div. Yield | 1.82 | 1.82 | 1.94 | 2.17 |
| | Apr 23 | Apr 16 | Apr 9 | Year ago |
| S & P Ind. Div. yield | 1.80 | 1.82 | 1.83 | 1.87 |
| S & P Ind. P/E ratio | 22.19 | 21.85 | 21.72 | 21.43 |

### ■ NEW YORK ACTIVE STOCKS

| Tuesday | Stocks traded | Close price | Change on day |
|---|---|---|---|
| Pepsico | 12,067,800 | 34⅛ | +3⅛ |
| Ph Morris | 10,894,100 | 39¼ | -⅜ |
| Pharm Upj | 8,681,300 | 29⅜ | +½ |
| Elect Data | 8,341,200 | 32¾ | +¼ |
| Boeing | 5,809,100 | 96⅛ | +⅞ |
| AT & T | 5,621,900 | 33¼ | +½ |
| WMX Tech | 5,316,700 | 29⅜ | +¾ |
| RJR Nabisco | 5,163,700 | 29⅛ | +½ |
| IBM | 4,616,700 | 158⅞ | +8 |
| Chase Manh | 4,170,300 | 90½ | +3 |

### ■ TRADING ACTIVITY

| ● Volume (million) | Apr 29 | Apr 28 | Apr 25 |
|---|---|---|---|
| New York SE | 547.886 | 406.567 | 418.541 |
| Amex | 19.970 | 18.035 | 18.988 |
| NASDAQ | 583.302 | 463.170 | 512.174 |
| **NYSE** | | | |
| Issues Traded | 3,311 | 3,303 | 3,305 |
| Rises | 2,096 | 1,352 | 798 |
| Falls | 533 | 1,093 | 1,665 |
| Unchanged | 682 | 858 | 844 |
| New Highs | 87 | 37 | 26 |
| New Lows | 44 | 80 | 70 |

## INDEX FUTURES

| | Open | Sett Price | Change | High | Low | Est. vol. | Open int. |
|---|---|---|---|---|---|---|---|
| **■ CAC-40 (200 x Index)** | | | | | | | |
| Apr | 2623.0 | 2621.2 | +16.2 | 2627.0 | 2602.0 | 23,455 | 15,624 |
| May | 2610.0 | 2623.0 | +33.0 | 2626.0 | 2586.0 | 26,128 | 22,539 |
| **■ DAX** | | | | | | | |
| Jun | 3460.0 | 3453.0 | +22.0 | 3464.0 | 3410.0 | 20,725 | 182,605 |
| Sep | 3482.5 | 3478.0 | +23.5 | 3486.0 | 3446.0 | 1,290 | 5,497 |
| **■ OMX** | | | | | | | |
| Apr | 2079.00 | 2079.00 | +19.00 | 2083.00 | 2073.00 | 1,854 | 21,608 |
| May | 2085.00 | 2085.50 | +21.50 | 2086.00 | 2085.50 | 20 | 1,563 |
| **■ SOFFEX** | | | | | | | |
| May | 4880.0 | 4894.0 | +38.0 | 4899.0 | 4850.1 | 5,803 | 25,250 |
| Jun | 4865.0 | 4859.0 | +29.0 | 4865.0 | 4859.0 | 6 | 959 |
| **■ S&P 500** | | | | | | | |
| Jun | 799.80 | 797.10 | -2.70 | 800.05 | 785.25 | 79,624 | 181,359 |
| Sep | 803.75 | 805.10 | -2.70 | 805.20 | 803.50 | 922 | 6,290 |
| **■ Nikkei 225** | | | | | | | |
| Jun | 18660.0 | 18650.0 | +20.0 | 18680.0 | 18530.0 | 11,659 | 225,947 |
| Sep | 18720.0 | 18620.0 | -80.0 | 18720.0 | 18610.0 | 66 | 4,755 |

Open interest figures for previous day.

Indices are 100 except: Australia All Ord and ... ** Sat Apr 26: Taiwan Weighted Price 8681.72; Korea Comp Ex 699.76. Base values of all indices are 100 except: Australia All Ord and Mining - 500; Austria Traded, BEL20, HEX Gen., MIB Gen., BVL30, SBF250, CAC40, Euro Top-100, ISEQ Overall; Toronto Comp./Metals & Minerals and DAX - all 1,000; JSE Gold - 255.7; JSE 25 Industrials - 264.3; IMKB Nat 100 - 1; NYSE All Common - 50; Standard & Poor's - 10; and Amex Comp - 100. SS Montreal. ♣ Toronto. (c) Closed. (u) Unavailable. † IBIS/DAX after-hours index: Apr 30 - 3436.09 +12.23. † Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♣ The DJ Indl. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

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### ■ TOKYO - MOST ACTIVE STOCKS: Wednesday, April 30, 1997

| | Stocks Traded | Closing Prices | Change on day |
|---|---|---|---|
| Nippon Steel Cp | 8.0m | 362 | |
| Mitsubishi Hvy | 7.9m | 838 | -7 |
| Fujitsu | 6.2m | 1320 | |
| Mitsubishi Chem | 6.1m | 427 | +20 |
| Hitachi | 5.8m | 1150 | |
| Toyota Motor | 4.7m | 3680 | +110 |
| NEC Corp | 4.6m | 1550 | +20 |
| Fuji Heavy Inds | 4.6m | 633 | +13 |
| Matsushita E Ind | 4.5m | 2030 | |
| Toshiba Corp | 4.4m | 712 | +19 |

4 pm close April 30

# NEW YORK STOCK EXCHANGE PRICES

- A -

[illegible]

- B -

[illegible]



- C -

[illegible]

- D -

[illegible]

- E -

[illegible]

- F -

[illegible]

- G -

[illegible]

- H -

[illegible]

- I -

[illegible]

- J -

[illegible]

- K -

[illegible]

- L -

[illegible]

- M -

[illegible]

- N -

[illegible]

- O -

[illegible]

- P - Q -

[illegible]

- R -

[illegible]

- S -

[illegible]

Continued on next page

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# NYSE PRICES

4 pm close April 30

Continued from previous page

| 1997 High | Low | Stock | Div. | Yld. % | P/E | Sls 100s | High | Low | Close Price | Chng Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 43¾ | 40½ | Xtra Corp | 0.80 | 1.8 | 17 | 44 | 44¾ | 43¾ | 44⅛ | +⅛ |
| 23⅞ | 20¾ | Yankee Egy | 1.30 | 6.1 | 10 | 162 | 21⅜ | 21⅛ | 21¼ | |
| 58 | 37⅞ | York Int | 0.48 | 1.1 | 14 | 3149 | 44⅞ | 42⅝ | 44⅞ | +2⅛ |
| 5 | 4 | Zapata | | | | 185 | 4⅛ | d4 | 4⅛ | |
| 13⅛ | 9⅛ | ZeithEl | | | | 782 | 11 | 10¾ | 10¾ | -¼ |
| 27⅞ | 24⅞ | Zenith Nat x | 1.00 | 3.9 | 12 | 57 | 25½ | 25 | 25½ | +½ |
| 7½ | 7⅛ | Zenix Inc | 0.73 | 10.3 | | 171 | 7¼ | d7⅛ | 7⅛ | -⅛ |
| 23¾ | 17¾ | Zero | 0.12 | 0.6 | 15 | 228 | 19½ | 18¾ | 19½ | +¾ |
| 11½ | 10¾ | ZweigFd♣ | 1.16 | 10.2 | | 192 | 11⅜ | 11¼ | 11⅜ | +⅛ |
| 8⅝ | 8 | Zweig Tot | 0.84 | 9.7 | | 400 | u8⅝ | 8½ | 8⅝ | +⅛ |

*Price data supplied by Extel, part of FT Information.*

Yearly highs and lows for NYSE reflect the period from Jan 1 1997. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

d-new yearly low. P/E price-earnings ratio. dd-sales. u-new yearly high. x-ex-dividend or ex-rights. yld-yield. z-sales in full.
# Dealings suspended.

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# AMEX PRICES

4 pm close April 30

| Stock | Div. | P/E | Sls 100s | High | Low | Close | Chng |
|---|---|---|---|---|---|---|---|
| Beard | | | 32 | 4⅝ | 4⅝ | 4⅝ | -⅛ |
| Binks Man | 1.20 | | 281 | 40⅞ | 40⅛ | 40⅝ | +¼ |
| Bio-Rad A | | 10 | 868 | 24⅛ | d23⅜ | 23⅞ | +⅛ |
| Bowmar | 3.00 | 10 | z100 | 1$\frac{13}{16}$ | 1$\frac{13}{16}$ | 1$\frac{13}{16}$ | -$\frac{1}{16}$ |
| Bowne | 0.36 | 6 | 70 | 26½ | 26⅜ | 26½ | |
| Brascan A x | 1.04 | 28 | 119 | u24¼ | 24 | 24⅛ | +2¼ |
| Cambrex | 0.20 | 13 | 177 | 33⅞ | 33⅜ | 33⅞ | +½ |
| CnFdCaA♣ | 0.01 | | 58 | 4⅛ | d4$\frac{1}{16}$ | 4$\frac{1}{16}$ | -$\frac{1}{16}$ |
| Cominco♣ | | 18 | 3 | 25¾ | 25⅜ | 25¾ | +¼ |
| CmpTch | | | 166 | 9⅛ | 8⅝ | 8¾ | +⅛ |
| Computrac | | | 10 | 1¼ | 1¼ | 1¼ | |
| Fina A | 3.20 | 13 | 3 | 64⅞ | 64½ | 64½ | |
| Forest La | | 87 | 1543 | 34¾ | 33⅞ | 34⅛ | |
| Frequency x | 0.60 | 10 | 84 | 10⅛ | 9⅝ | 9⅞ | +$\frac{1}{16}$ |
| Garan | 0.80 | 13 | 61 | 19⅛ | 18½ | 18¾ | +⅜ |
| GatchellS | | | 1001 | 38⅜ | 35¾ | 38⅜ | +1⅞ |
| Giant FdA | 0.78 | 22 | 2433 | 32⅞ | 32¼ | 32¼ | -½ |
| Gtallir x | 0.70 | 11 | 255 | 15¾ | 15⅝ | 15⅝ | -⅛ |
| Goldfield | | | 76 | $\frac{5}{16}$ | d¼ | ¼ | |
| HanDir | | | 189 | $\frac{11}{16}$ | d⅝ | $\frac{11}{16}$ | +$\frac{1}{16}$ |
| Lynch Cp | | 25 | 7 | 88¾ | 86 | 86 | -3½ |
| Maxxam | | 22 | 152 | 43 | 42½ | 43 | |
| Media A | 0.52 | 12 | 315 | 29⅝ | 29⅛ | 29½ | +⅜ |
| Micromedia | | | 4284 | 9¾ | 9 | 9$\frac{5}{16}$ | +¼ |
| MileLd | | | z0 | u8¾ | 8¾ | 8¾ | |
| Moog A | | 13 | 161 | 22¾ | 21¾ | 22 | +¼ |
| MSR Expl | | | 106 | u1⅛ | 1 | 1$\frac{1}{16}$ | +$\frac{1}{16}$ |
| NatPatDev | | 3 | 65 | 6⅛ | 5$\frac{15}{16}$ | 6⅛ | +$\frac{1}{16}$ |
| UtdFoodsA | | 21 | 65 | 1$\frac{11}{16}$ | 1½ | 1$\frac{11}{16}$ | +⅛ |
| UtdFoodsB | | 21 | 32 | 1$\frac{11}{16}$ | 1⅝ | 1$\frac{11}{16}$ | |
| US Cellul | | 15 | 729 | 25 | 24⅜ | 25 | +⅝ |
| ViacomA | | 88 | 1340 | 26⅝ | 25¾ | 26⅝ | +⅞ |
| ViacomB | | 89 | 12033 | 25¾ | 25¾ | 26¾ | +1 |
| WIRET | 1.12 | 19 | z0 | 12¾ | 12¾ | 12¾ | |
| Xytronix | | | 12 | 1$\frac{1}{16}$ | 1$\frac{1}{16}$ | 1$\frac{1}{16}$ | +$\frac{1}{16}$ |



# NASDAQ NATIONAL MARKET

4 pm close April 30

| Stock | Div. | P/E | Sls 100s | High | Low | Last | Chng |
|---|---|---|---|---|---|---|---|
| Intervoic | | 12 | 1264 | 9½ | 8⅝ | 9½ | +¾ |
| IntDairyQA | | 13 | 47 | 21⅝ | 21¼ | 21¼ | |
| Invacare | 0.05 | 15 | 5553 | 20⅛ | d19½ | 19⅞ | -⅛ |
| ItoYokado x | 1.05 | 27 | z0 | 193¼ | 193¼ | 193¼ | |
| **- J -** | | | | | | | |
| J&J Snack | | 21 | 259 | 13¼ | 12⅝ | 12¾ | |
| Jason Inc | | 15 | 129 | 6½ | 6¼ | 6¼ | -¼ |
| Johnson W | | | 69 | 12¼ | 11½ | 12$\frac{1}{16}$ | +$\frac{1}{16}$ |
| Jones Int | | | 305 | 9 | 8⅝ | 8⅝ | -⅜ |
| Jones Med | 0.08 | 45 | 9567 | 36 | 32⅝ | 35¼ | +1¼ |
| JSB Fin | 1.40 | 16 | 133 | 42½ | 40 | 42½ | +2½ |
| Juno Ltg | 0.32 | 13 | 226 | 15½ | 15⅛ | 15½ | +⅜ |
| Justin | 0.16 | 13 | 89 | 11⅛ | 10⅞ | 11⅛ | +¼ |
| **- K -** | | | | | | | |
| K Swiss | 0.08 | 328 | 401 | u13⅛ | 12 | 13⅛ | +⅞ |
| Kaman Cp | 0.44 | 23 | 1097 | 13⅜ | 12⅝ | 12⅞ | -⅛ |
| Kelly Sv | 0.84 | 12 | 205 | 25½ | 25 | 25¼ | +¼ |
| Kimball | 1.04 | 12 | 48 | 36 | 35¼ | 35¼ | -¼ |
| KLA Instr | | 23 | 14993 | 46 | 43⅞ | 44½ | -⅞ |
| Koll A | | | 92 | $\frac{5}{32}$ | d⅛ | ⅛ | |
| Komag♣ | | 17 | 5411 | 28¾ | 26⅞ | 28¼ | +⅝ |
| Kulicke S | | | 3598 | 28¼ | 27⅝ | 27$\frac{13}{16}$ | -$\frac{1}{16}$ |
| PhysCpAm | | | 2189 | 5⅛ | 4⅞ | 4⅞ | -⅛ |
| Picturete | | 10 | 5087 | 9 | 8¾ | 8⅞ | |
| PioneerGp | 0.40 | 35 | 51 | 26¼ | 25⅞ | 26¼ | +½ |
| PioneerSt x | 0.12 | 11 | 586 | 12¼ | 12 | 12¼ | +$\frac{1}{16}$ |
| Pixar | | 29 | 368 | 15½ | 14¾ | 15¼ | +⅝ |
| PiHardA | | 34 | 1508 | 18¾ | 17¾ | 18⅛ | +⅜ |
| PLDTel | | 6 | z0 | 5¼ | 5¼ | 5¼ | +$\frac{1}{32}$ |
| Prcsbk | 0.88 | 7 | 108 | 16¾ | d16¼ | 16¼ | -⅜ |
| Powell | | 13 | 66 | 14½ | 14 | 14 | |
| PresCas | | | 658 | $\frac{11}{16}$ | $\frac{19}{32}$ | ⅝ | -$\frac{1}{16}$ |
| Pres Life | 0.20 | 12 | 813 | 14½ | 13¼ | 14⅛ | +⅞ |
| Presstek | | 120 | 1148 | 64 | 60 | 63¾ | +1¾ |
| PrideP♣ | | 21 | 4087 | 18⅛ | 17 | 17¼ | -⅛ |
| Printroni | | 14 | 1083 | 13½ | 12⅝ | 12⅞ | +¼ |
| Prod Ops x | 0.26 | 29 | 180 | 57½ | 56 | 57½ | +1½ |
| Qualcomm | | 95 | 19891 | 47¼ | 45½ | 46¾ | +1½ |
| Qual Food | | 22 | z0 | 40¼ | 40¼ | 40¼ | |
| Quantum | | 23 | 71227 | 42¼ | 39 | 41$\frac{11}{16}$ | +1$\frac{15}{16}$ |
| Quicksilv | | 13 | 19 | 22⅜ | 21¾ | 21¾ | -½ |
| Quickies | | 169 | 5693 | 51⅛ | 48⅛ | 50⅞ | +½ |
| **- R -** | | | | | | | |
| Rainbow♣ | | 11 | 69 | 14⅞ | 14⅜ | 14⅝ | +⅛ |
| Rallys | | | 390 | 3 | 2$\frac{27}{32}$ | 3 | |
| Raymond | 0.25 | 14 | 232 | 30⅛ | 29⅜ | 29⅞ | -⅛ |
| RCSB Fin x | 0.60 | 10 | 999 | 30 | 29½ | 29¾ | |
| Read-Rite | | | 21913 | 28⅛ | 25¾ | 25⅞ | -1¾ |
| **- W -** | | | | | | | |
| Wang Lab | | | 4274 | 17¾ | 16⅞ | 17⅜ | +⅞ |
| Warrantech | | 29 | 384 | 10½ | 9¾ | 9⅞ | -⅜ |
| WashMut x | 1.00 | 13 | 25878 | 49¾ | 46¼ | 49⅜ | +2⅝ |
| WattsIndA | 0.91 | 17 | 258 | 25½ | 25¼ | 25½ | +⅛ |
| Wausau PM | 0.25 | 13 | 849 | 18¼ | 17½ | 17½ | -¾ |
| WD-40 x | 2.48 | 21 | 30 | 57¾ | 56½ | 57¾ | +2¼ |
| Werner En x | 0.10 | 17 | 2169 | 19¼ | 18⅞ | 19⅛ | +⅛ |
| Wstam Bnc x | 1.04 | 16 | 231 | 65¼ | 63½ | 65¼ | +1¾ |
| WstpStA | | 20 | 1526 | 39⅜ | 38¼ | 39⅛ | +¼ |
| Wst SealA | | 21 | 2751 | 25½ | 24¼ | 24¾ | +⅛ |
| Wilmtte | 1.28 | 26 | z0 | 63½ | d63½ | 63½ | |
| WmsSonoma | | 35 | 1798 | 31¾ | 30½ | 31 | +⅛ |
| Wolohan L | 0.28 | 12 | 62 | 12½ | 12¼ | 12$\frac{7}{16}$ | +$\frac{3}{16}$ |
| Writdom | | | 11348 | 24 | 23⅛ | 24 | +¾ |
| Worthinds | 0.48 | 20 | 3085 | 18⅞ | 18¼ | 18⅞ | +⅜ |
| WPP ADR | 0.10 | 22 | 173 | 41¼ | 40⅞ | 40⅞ | -⅝ |
| Wyman-Gdn | 0.40 | 27 | 1067 | 21⅜ | 21 | 21 | -⅜ |
| **- X - Y - Z -** | | | | | | | |
| Xilinx♣ | | 34 | 19317 | 50¼ | 48⅜ | 49 | -½ |
| Xircom | | 13 | 15052 | 9⅞ | 8½ | 9¼ | +⅝ |
| Xoma Corp | | | 2828 | 4⅝ | 4$\frac{7}{16}$ | 4½ | +$\frac{1}{16}$ |
| Yellow | | | 8984 | 19¼ | 18⅛ | 19¼ | +⅞ |
| York Rsch | | 15 | 415 | 7⅝ | 7⅜ | 7½ | +⅛ |
| ZionsUtah | 1.76 | 17 | 322 | 127½ | 122¾ | 126½ | +3¾ |

# EASDAQ

EASDAQ is a fully regulated independent pan European Stock Market focused on high growth companies with international aspirations. The shares of companies on the EASDAQ Stock Market can be bought and sold through EASDAQ Members. EASDAQ Members are made up of Brokers and Banks from across Europe.

| Company | Mid price | Change on day | Volume | High | Low | Company | Mid price | Change on day | Volume | High | Low |
|---|---|---|---|---|---|---|---|---|---|---|---|
| ActivCard | US$7.25 | -0.125 | 6000 | 8.25 | 7.25 | Esprit Telecom ADS | US$8 | -0.375 | 0 | 12.25 | 8 |
| Artwork Systems | US$10.5 | | 11035 | 11 | 9.5 | Innogenetics | US$11.75 | | 16350 | 12.75 | 10.375 |
| Chemunex | FFr16 | | 23400 | 18 | 18 | Mercer Internl. | US$8.125xd | | 0 | 11.75 | 8.125 |
| Dr Solomon's ADS | US$23.5 | -0.5 | 0 | 28.5 | 16.875 | PixTech | US$4.5 | +0.25 | 0 | 8.125 | 4.25 |

Prices for 30/4/97. Please note that mid prices are now used to calculate highs and lows

Information about EASDAQ can be found on the Web site at: HTTP://WWW.EASDAQ.be
EASDAQ offices are located in Brussels (Tel. 32-2 / 227 65 20) and in London (Tel. 44-171 / 489 9990).

# Dow climbs close to record levels

AMERICAS

US stocks continued their strong rally of the previous day and pushed the Dow Jones Industrial Average to within striking distance of a record high, *writes Richard Tomkins in New York.*

The Dow was up 70.65 at 7,032.68 at lunchtime, about 50 points short of its record closing high of 7,085.16 on 11 March. The rise extended the gains of the previous day when the Dow shot up 179.01 points – its second-largest points gain ever – after economic data calmed fears about the inflation and interest rate outlook.

The Standard & Poor's 500 index made strong gains, rising 8.52 to 802.57, and smaller capitalisation stocks also did well, helped by gains in technology stocks. The Nasdaq composite index rose 17.51 to 1260.14. NYSE volume was 283m shares.

The market opened on a soft note after figures showed that US gross domestic product rose by 5.6 per cent in the first quarter, much more strongly than the expected 4 per cent. This reawakened inflation fears and hit bond and equity markets alike, taking the Dow down about 20 points at one stage. But then Treasuries reversed direction on talk that budget negotiators were close to a possible budget deal, and equities started following them upwards.

The gains were spread widely among blue chip stocks: Coca-Cola was up $⅞ at a new high of $63½, Caterpiller advanced $2¼ at $90⅛. Boeing rose $2½ at $98⅝ and Disney added $1½ at $82¼. Among technology stocks, IBM was up another $1⅞ at $159¾ and Hewlett-Packard was $2⅛ higher at $53⅞.

Not all blue chips took part in the rally: Procter & Gamble was down $⅝ at $127 after the previous day's sharp gain, and Philip Morris continued to suffer from gloom about the litigation outlook for the tobacco industry, staying unchanged at $39¼. RJR Nabisco edged up $¼ to $29⅝ from its deeply depressed close of the previous day.

**TORONTO** continued to gain ground. The index heavyweight Seagram turned in strong results and there was early support from Wall Street. At noon, the 300 composite index was up 35.74 at 5,939.30.

Seagram's third-quarter results came in at the top end of the analysts' range and the shares rose 40 cents to C$53.00. The performance helped mitigate negative news from MacMillan Bloedel, which fell 40 cents to C$18.90 after announcing a reduced quarterly dividend.

Royal Bank of Canada put on 45 cents to C$55.60. More detail on the ongoing merger with Edper lifted Brascan C$3.00 to C$33.75. Edper eased 5 cents to C$23.00. Bre-X Minerals improved 20 cents to C$3.55.

**SAO PAULO** was higher as the market awaited further efforts to sell off Cia Vale do Rio Doce, the state miner, after Tuesday's failure to privatise the company. The Bovespa index rose 116 to 9,975 as President Fernando Henrique Cardoso insisted that Brazil would press ahead with the sale because failure to do so could jeopardise the country's economic stability.

# Havas, Rhône Poulenc star in Paris

EUROPE

A smart pick-up in volume and a couple of buoyant individual performances helped to keep **PARIS** on the upside on a day when Wall Street staged a resilient opening in the face of troublesome economic data.

Havas was the star turn, surging 5.9 per cent on a raft of speculative stories and some good sales figures from its IP Network unit in Germany. The shares closed FFr24.40 higher at FFr437 in dull volume.

But Rhône Poulenc was close behind in the performance stakes, following solid first-quarter sales and a reaffirmed forecast of 20 per cent earnings growth for 1997 as a whole.

The shares jumped 9 per cent at the opening before subsiding on profit-taking to FFr196.30, up FFr8.40. Volume was a chunky 1.6m shares within a bourse total of 16.3m.

It was easily the most active session of the week, although some dealers suggested that volume had been boosted by dealers squaring their books ahead of today's May Day break.

At the close the CAC 40 index was up 36.60 at 2,639.46.

**FRANKFURT** ended the afternoon with the Dax index 12.23 higher at an Ibis-indicated 3,438.09. That matched the floor trading close, where the key index had registered gains of 0.3 per cent for April, and 19 per cent for the first four months of this year, said Mr Eckhard Frahm at Merck Finck in Munich.

The day's big winner, Volkswagen, up DM28.60 or 2.7 per cent at DM1,096.10, also led the charts for the month and for January-April, with gains of 19.4 and 72 per cent respectively. Last month, VW was joined mainly by capital goods and other dollar stocks: the software group, SAP, saw its prefs put on 11.5 per cent, and Linde, the forklift leader, was 7.7 per cent ahead.

**Amsterdam was closed for a public holiday.**

Investors were looking at German growth, slewed to the heavy end of the economy, said Mr Frahm. He noted that the Hanover capital goods fair in April, reflecting buoyant export figures, produced forecasts that engineering production could rise by 3 per cent this year after 1 per cent in 1996.

The dollar story took in forecasts of a US interest rate rise later in May. The corollary, last month, was weakness in German defensive stocks, accounting for 13 of the bottom 15 Dax 30 performers, with financials accounting for six of the bottom 10. Looking at yesterday's US GDP growth, Mr Frahm was moved to suggest that the switch from defensive to dollar stocks might be reversed in May.

**FTSE Actuaries Share Indices**

| Apr 30 | THE EUROPEAN SERIES | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Hourly changes | Open | 10.30 | 11.00 | 12.00 | 13.00 | 14.00 | 15.00 | Close |
| FTSE Eurotrack 100 | 2220.26 | 2224.03 | 2223.64 | 2223.65 | 2225.48 | 2225.09 | 2224.61 | 2224.77 |
| FTSE Eurotrack 200 | 2262.35 | 2263.33 | 2264.93 | 2263.19 | 2263.30 | 2258.30 | 2259.00 | 2260.76 |

| | Apr 29 | Apr 28 | Apr 25 | Apr 24 | Apr 23 |
|---|---|---|---|---|---|
| FTSE Eurotrack 100 | 2210.83 | 2192.47 | 2196.79 | 2206.94 | 2201.74 |
| FTSE Eurotrack 200 | 2251.95 | 2231.19 | 2233.11 | 2241.88 | 2234.95 |

Base value 1000 (26/10/90); High/day: 100 - 2227.08; 200 - 2264.93 Low/day: 100 - 2219.07 200 - 2255.89. † Partial



**ZURICH** extended its record run into a second consecutive session although some investors became increasingly cautious ahead of today's local holiday.

The SMI index finished 42.5 higher at 4,897.6, off a record intra-day high of 4,903.5.

UBS was at the centre of attention, adding SFr9 to SFr1,395 in further response to Tuesday's upgrade from Pictet, the Geneva-based private bank.

Kuoni, the travel group, spurted SFr150 to SFr4,240 after an upbeat analysts' meeting on Tuesday. Traders noted that the company, a favourite with London fund managers, derived 70 per cent of its operating profits from the UK and had been a beneficiary of recently strong sterling.

Adecco, the temporary employment group, added SFr12 at SFr492, helped by sharply higher first-quarter sales. However, analysts said that the rise was tempered by its relatively weak performance in France compared with its competitor, Manpower.

Swissair pulled back SFr22 to SFr1,290 on worries that a the airline might have to put a further cash injection into Sabena.

**STOCKHOLM** ended a shortened session with the general index 18.21 higher at 2,640.92.

Drugs were active with Astra A improving SKr6.50 to SKr311.5 and Pharmacia & Upjohn gaining SKr7 to SKr226 before PaineWebber in New York raised its recommendation to "neutral".

Volvo gained SKr2.50 to SKr197.50 on news of strong eastern European truck sales. But Esselte was the hot stock, rising SKr14 or 8.5 per cent to SKr179 on talk that the office equipment group was to be split into three separate businesses.

**MILAN** closed higher, but off its best levels as the market kept a cautious eye on Wall Street. The Comit index rose 8.14 to 767.62 while the real-time Mibtel index turned back from a high of 12,311 to finish 113 stronger at 12,277.

Stet rose L80 to L8,126, and Telecom Italia added L50 at L4,533 after the two held general meetings to approve their merger, and in response to the companies' international expansion plans. Tim was L161 higher at L5,371.

Finmeccanica rose L65.7 to L1,020 after the chairman of Iri, its parent company, said that the Finmeccanica shares were trading at around half the company's net worth.

**DUBLIN** judged that the weakness of the punt, especially in relation to sterling, made a number of its better performers more attractive. The combination of this with continued strength of Wall Street left the ISEQ overall index 53.17 or 1.7 per cent higher at 3,104.81.

**Written and edited by William Cochrane, Michael Morgan and Jeffrey Brown**

# South Africa boosted by strong futures

Johannesburg's broad market made further gains, helped in late trading by an upwards push from the futures market. At the close, the all-share index was up 23.5 at 7,130.5.

Golds continued to wilt, dipping to a four-year low.

The mood among industrials was also negative for most of the session but sentiment rallied strongly and revived towards the close.

Industrials end 41.5 higher at 8,494.3 after meeting good demand for leading stocks.

Technihire stood out against the uptrend, sliding 7 cents or 9 per cent to R71 after the personnel services group put out a profits warning.

In golds, bullion stayed in the doldrums and the index closed 18.2 lower at 1,187.0.

## Emerging markets: IFC weekly investable price indices

| | | Dollar terms | | | Local currency terms | | |
|---|---|---|---|---|---|---|---|
| Market | No. of stocks | April 25 1997 | % Change over week | % Change on Dec '96 | April 25 1997 | % Change over week | % Change on Dec '96 |
| **Latin America** | (250) | 634.98 | +1.2 | 18.0 | | | |
| Argentina | (30) | 1,035.72 | +2.9 | +9.0 | 635,242.52 | +2.9 | +8.9 |
| Brazil | (68) | 507.67 | +2.6 | +28.1 | 2,018.49 | +2.8 | +31.0 |
| Chile | (46) | 715.15 | –0.6 | +15.3 | 1,197.77 | –0.2 | +13.6 |
| Colombia[1] | (14) | 821.13 | –0.2 | +29.7 | 1,545.70 | +1.0 | +37.0 |
| Mexico | (64) | 591.74 | +0.2 | +11.7 | 2,011.71 | +0.3 | +11.9 |
| Peru[2] | (19) | 239.65 | –0.3 | +21.8 | 389.68 | –0.4 | +24.7 |
| Venezuela[3] | (9) | 707.96 | –0.1 | –2.8 | 7,825.98 | +0.2 | –1.8 |
| **Asia** | (710) | 241.98 | –0.1 | –4.3 | | | |
| China[4] | (27) | 81.70 | +4.0 | +10.8 | 85.54 | +4.0 | +10.8 |
| South Korea[5] | (158) | 74.14 | –0.5 | –4.0 | 86.98 | –0.7 | +1.3 |
| Philippines | (42) | 258.40 | –2.2 | –12.0 | 329.15 | –2.2 | –11.8 |
| Taiwan, China[6] | (90) | 179.05 | +4.1 | +16.8 | 185.72 | +4.1 | +17.4 |
| India[7] | (78) | 95.39 | +3.2 | +21.1 | 121.11 | +3.2 | +20.9 |
| Indonesia[8] | (49) | 122.25 | +1.6 | –4.2 | 161.76 | +2.7 | –1.2 |
| Malaysia | (148) | 298.40 | –1.9 | –11.3 | 276.61 | –2.0 | –11.9 |
| Pakistan[9] | (28) | 232.23 | +1.8 | +18.6 | 425.51 | +2.1 | +19.0 |
| Sri Lanka[10] | (5) | 108.46 | –2.5 | +14.1 | 140.02 | –2.1 | +19.0 |
| Thailand | (87) | 182.85 | –4.1 | –17.4 | 189.32 | –4.1 | –16.0 |
| **Euro/Mid East** | (264) | 155.28 | –0.2 | +15.6 | | | |
| Czech Rep | (7) | 62.82 | –2.5 | –10.5 | 64.28 | –0.5 | +1.2 |
| Egypt | (16) | 106.60 | –0.1 | - | 106.45 | –0.0 | - |
| Greece | (54) | 333.19 | +1.1 | +37.5 | 618.61 | +2.4 | +52.8 |
| Hungary[11] | (12) | 247.47 | +1.6 | +25.3 | 537.92 | +2.1 | +40.6 |
| Jordan | (7) | 190.87 | +0.6 | +2.2 | 264.85 | +0.6 | +2.1 |
| Morocco | (5) | 131.55 | –2.0 | - | 136.21 | –1.7 | - |
| Poland[12] | (30) | 740.04 | +0.7 | +1.1 | 1,468.05 | +1.3 | +11.3 |
| Portugal | (28) | 160.65 | +1.6 | +9.9 | 190.60 | +1.6 | +22.2 |
| Russia | (15) | 109.33 | +0.3 | - | 111.63 | +0.1 | - |
| Slovakia | (5) | 106.93 | +0.8 | - | 111.11 | +1.8 | - |
| South Africa[13] | (63) | 235.09 | +0.4 | +12.7 | 216.08 | +0.5 | +7.2 |
| Turkey[14] | (58) | 194.51 | –4.9 | +30.8 | 12,333.44 | –4.3 | +61.8 |
| Zimbabwe[15] | (5) | 596.54 | +1.1 | +26.0 | 993.84 | +1.2 | +31.7 |
| **Composite** | (1224) | 316.09 | +0.3 | +7.1 | | | |

*Indices are calculated at end-week; weekly changes are percentage movement from the previous Friday. Base date: Dec 1988=100 except those noted which are: (1)Feb 1 1991; (2)Dec 31 1992; (3)Jan 5 1990; (4)Dec 31 1992; (5)Jan 3 1992; (6)Jan 4 1991; (7)Nov 6 1992; (8)Sep 28 1990; (9)Mar 1 1991, (10) Dec 21 1992, (11)Dec 31 1993; (12)Dec 31 1992; (13)Dec 31 1992; (14)Dec 31 1992; (15)Aug 2 1993; (16) July 2 1993.*

Since the Athens equity market returned to work on Tuesday after a four-day Greek Orthodox Easter holiday, investors have nudged share prices up to near seven-year highs, the market consolidating its position as the best performer so far this year in dollar terms among the 45 emerging markets tracked by the IFC's investable price indices.

The rally has been led by the banking sector, whose improving profitability has brought buyers back after a long period of stagnation, and by the strong performance of OTE, the state telecoms company.

Mr Constantinos Grigoriadis, head market analyst for central and eastern Europe at the IFC, says that most European emerging markets are benefiting from falling inflation and interest rates, a shift from fixed income investments to equities and generally good corporate results.

In the case of Athens, the rally is also being fuelled by the government's privatisation programme, large-scale restructuring in the banking sector and a new code of trading conduct introduced by a government determined to attract foreign investors to a more transparent market.

Yesterday, the Athens general index edged up another 2.76 to 1,467.51, its highest level since mid-1990, and many analysts believe that it has further go. Some believe a year-end level of 1,600-1,700 points is possible, although an emphatic rally is unlikely until all investors return from their extended Easter holidays.

# Tokyo leaps 2.6% on Wall Street surge

ASIA PACIFIC

Encouraged by Wall Street's overnight surge, **TOKYO** jumped 2.6 per cent to close above the 19,000-level for the first time in two months as investors bought blue chips and stocks rose almost across the board, *writes Gwen Robinson.*

The Nikkei 225 average climbed 480.75 to 19,151.12 after trading between 18,764.08 and 19,194.82. Trading began on a firm but subdued note after Tuesday's holiday, due to the absence of domestic investors for "Golden Week" and even modest buy orders pushed up the 225 index.

Foreign investors and securities houses actively bought a broad range of issues from the outset, and momentum picked up in the afternoon on steady basket-style purchases by domestic institutions. Blue chip exporters and financial issues drew particularly strong interest.

Volume swelled from Monday's 257m shares to an estimated 458m. Advances overwhelmed declines 1,011 to 142 with 88 unchanged. The Topix index of all first-section stocks rallied 30.34 to 1,441.19, the capital-weighted Nikkei 300 was up 6.04 at 279.75 and, in London, the ISE Nikkei 50 index gained 5.83 at 1,544.90.

Blue chip exporters were the day's winners, following Monday's sluggish performance. Among issues to reach record highs, Toyota climbed Y110 to Y3,660, Honda Y60 to Y3,940, Canon Y40 to Y3,101 and Sony Y100 to Y9,240.

Financial issues advanced, Fuji Bank and Sumitomo Bank each adding Y70, to Y1,430 and Y1,450 respectively. The big four securities houses all gained. Nomura added Y50 to Y1,420, extending its winning streak after the recent steady decline on charges of illegal trading. Daiwa Securities rose Y27 to Y845 and Nikko Securities Y28 to Y708.

Smaller regional banks, however, were mixed. At one point, Osaka-based Fukutoku Bank hit a new low for the year of Y135, before closing at Y145, down Y12.

Mitsubishi Chemical advanced Y20 to Y427 on Monday's news of its Y40bn share buy-back plan. Other companies planning stock buy-backs also gained, in a pattern that emerged in recent sessions. Among them, Asahi Breweries added Y40 to Y1,400 and Citizen Watch Y3 to Y913.

In Osaka, the OSE average surged 410.55 to 20,211.31 and volume edged up to 29.1m shares.

**HONG KONG** bounced strongly, reversing three downside days on the back of Wall Street's overnight advance. The Hang Seng index gained 302.88 or 2.4 per cent to 12,903.30 in turnover of HK$13.8bn.

There was good demand for financials with brokers noting some switching out of red chips. The property sector rose almost 3 per cent. Cheung Kong gained HK$1.75 to HK$68.00, Henderson Land HK$1.75 to HK$65.25 and Sun Hung Kai Properties HK$3.25 to HK$84.00. HSBC rose HK$6.00 to HK$196.00 on 9.4m shares traded. Swire put on 75 cents to HK$59.75.

**MANILA** continued to slide. Brokers said that the session was dominated by foreign selling, with many local traders squaring their books ahead of today's public holiday. Turnover trailed back to a modest 2.4bn pesos.

At the close, the composite index was off 60.27 or 2.2 per cent at 2,648.17. Among leading shares, Ayala Land declined 50 centavos to 19.00 pesos.

**TAIPEI** ended lower after a wave of late selling unwound initial, Wall Street-inspired gains. The weighted index ended 106.68 or 1.2 per cent lower at 8,485.66.

Losses were spread across all leading sectors. Electronics fell 2 per cent with Accton Technology tumbling by the daily 7 per cent limit or T$7 to T$93.50. Primax Electronics also finished limit-down, off T$6 at T$80.50. The market is closed today.

**KUALA LUMPUR** reversed five days of marked weakness with a rise of 20.66 or 1.9 per cent to 1,080.17 on the composite index. Dealers said Wall Street and a surge for power stocks were the main reasons for the rally.

Tenaga Nasional jumped 70 cents to M$11.60 in 3.8m shares traded after news of an 8.3 per cent tariff increase.

## FT/S&P ACTUARIES WORLD INDICES

The FT/S&P Actuaries World Indices are owned by FTSE International Limited, Goldman, Sachs & Co. and Standard & Poor's. The indices are compiled by FTSE International and Standard & Poor's in conjunction with the Faculty of Actuaries and the Institute of Actuaries. NatWest Securities Ltd. was a co-founder of the indices.

| NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock | TUESDAY APRIL 29 1997 US Dollar Index | Day's Change % | Pound Sterling Index | Yen Index | DM Index | Local Currency Index | Local % chg on day | Gross Div. Yield | MONDAY APRIL 28 1997 US Dollar Index | Pound Sterling Index | Yen Index | DM Index | Local Currency Index | DOLLAR INDEX 52 week High | 52 week Low | Year ago (approx) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Australia (76) | 226.44 | 1.0 | 205.79 | 181.43 | 203.05 | 192.81 | 0.9 | 3.94 | 224.18 | 204.74 | 179.37 | 201.31 | 191.08 | 226.44 | 188.44 | 209.47 |
| Austria (24) | 180.69 | –0.3 | 164.21 | 144.77 | 162.02 | 161.96 | –0.5 | 1.94 | 181.28 | 165.56 | 145.04 | 162.79 | 162.72 | 195.04 | 174.70 | 187.45 |
| Belgium (26) | 241.25 | 1.1 | 219.25 | 193.30 | 216.33 | 211.74 | 1.0 | 3.38 | 238.53 | 217.85 | 190.85 | 214.20 | 209.71 | 241.54 | 205.89 | 209.06 |
| Brazil (30) | 245.89 | 0.7 | 223.47 | 197.01 | 220.49 | 481.07 | 0.7 | 1.39 | 244.21 | 223.03 | 195.39 | 219.30 | 477.75 | 247.23 | 157.23 | 157.94 |
| Canada (114) | 187.23 | 1.5 | 170.16 | 150.02 | 167.89 | 189.54 | 1.4 | 2.05 | 184.53 | 168.53 | 147.64 | 165.71 | 186.90 | 203.31 | 154.12 | 162.72 |
| Denmark (32) | 359.18 | 0.1 | 326.43 | 287.79 | 322.08 | 320.74 | 0.0 | 1.58 | 358.64 | 327.54 | 286.95 | 322.06 | 320.87 | 376.98 | 291.89 | 296.08 |
| Finland (28) | 256.90 | 3.1 | 233.48 | 205.84 | 230.36 | 280.58 | 3.3 | 1.63 | 249.14 | 227.53 | 199.32 | 223.73 | 271.51 | 268.58 | 181.17 | 181.17 |
| France (91) | 215.16 | 2.0 | 195.55 | 172.40 | 192.94 | 196.29 | 1.8 | 2.90 | 210.97 | 192.68 | 168.80 | 189.45 | 192.77 | 226.25 | 186.94 | 198.39 |
| Germany (59) | 197.68 | 0.7 | 179.66 | 158.39 | 177.26 | 177.26 | 0.5 | 1.59 | 196.36 | 179.33 | 157.11 | 176.33 | 176.33 | 207.65 | 184.47 | 168.10 |
| Hong Kong (66) | 452.53 | –0.3 | 411.27 | 362.58 | 405.78 | 450.06 | –0.3 | 3.33 | 453.69 | 414.34 | 362.99 | 407.41 | 451.27 | 514.49 | 407.55 | 424.73 |
| Indonesia (27) | 226.10 | –1.8 | 205.49 | 181.16 | 202.74 | 336.50 | –1.8 | 1.62 | 230.26 | 210.29 | 184.23 | 206.78 | 342.69 | - | - | - |
| Ireland (16) | 332.38 | 1.3 | 302.06 | 266.32 | 298.05 | 302.74 | 0.9 | 3.16 | 328.20 | 299.74 | 262.59 | 294.72 | 299.99 | 343.35 | 270.08 | 278.97 |
| Italy (59) | 86.84 | 1.3 | 78.92 | 69.58 | 77.87 | 110.85 | 1.0 | 2.24 | 85.70 | 78.27 | 68.57 | 76.96 | 109.75 | 98.32 | 73.26 | 82.37 |
| Japan (485) | 114.23 | –0.1 | 103.81 | 91.52 | 102.43 | 91.52 | 0.0 | 0.86 | 114.39 | 104.47 | 91.52 | 102.72 | 91.52 | 164.68 | 107.57 | 164.68 |
| Malaysia (107) | 518.41 | –1.6 | 471.14 | 415.37 | 464.86 | 501.40 | –1.6 | 1.28 | 527.09 | 481.37 | 421.72 | 473.32 | 509.59 | 660.85 | 512.47 | 577.88 |
| Mexico (27) | 1335.40 | –0.9 | 1213.64 | 1069.97 | 1197.45 | 11663.04 | 0.0 | 1.24 | 1347.96 | 1231.05 | 1078.49 | 1210.46 | 11672.38 | 1445.68 | 1110.35 | 1258.15 |
| Netherland (19) | 351.59 | 2.0 | 319.54 | 281.71 | 315.27 | 311.35 | 1.8 | 2.51 | 344.68 | 314.78 | 275.78 | 309.52 | 305.81 | 357.18 | 279.88 | 290.33 |
| New Zealand (14) | 85.21 | 0.4 | 77.44 | 68.27 | 76.41 | 65.12 | 0.5 | 4.36 | 84.84 | 77.48 | 67.88 | 76.18 | 64.83 | 95.60 | 75.94 | 82.94 |
| Norway (41) | 298.02 | 1.2 | 270.85 | 238.78 | 267.23 | 286.46 | 1.2 | 2.13 | 294.61 | 269.06 | 235.72 | 264.56 | 283.11 | 321.23 | 243.72 | 255.75 |
| Philippines (22) | 162.01 | –5.5 | 147.24 | 129.81 | 145.28 | 212.91 | –5.5 | 0.87 | 171.54 | 156.66 | 137.25 | 154.04 | 225.40 | - | - | - |
| Singapore (43) | 360.08 | –0.9 | 327.25 | 288.51 | 322.89 | 239.70 | –0.9 | 1.18 | 363.25 | 331.74 | 290.63 | 326.19 | 241.89 | 448.01 | 360.08 | 440.23 |
| South Africa (44) | 360.64 | 0.7 | 327.76 | 288.96 | 323.39 | 350.05 | 0.8 | 2.41 | 358.03 | 326.98 | 286.46 | 321.51 | 347.45 | 370.89 | 301.49 | 366.06 |
| Spain (35) | 227.09 | 1.5 | 206.38 | 181.95 | 203.63 | 250.49 | 1.5 | 2.61 | 223.73 | 204.32 | 179.00 | 200.91 | 246.85 | 228.16 | 171.91 | 179.85 |
| Sweden (49) | 410.88 | 1.4 | 373.41 | 329.21 | 368.43 | 475.97 | 2.1 | 2.19 | 405.00 | 369.87 | 324.04 | 363.69 | 466.31 | 448.64 | 334.35 | 343.08 |
| Switzerland (36) | 267.71 | 1.4 | 243.30 | 214.50 | 240.05 | 243.44 | 1.2 | 1.34 | 263.96 | 241.06 | 211.19 | 237.03 | 240.54 | 267.71 | 229.38 | 243.81 |
| Thailand (43) | 74.89 | –4.6 | 68.06 | 60.00 | 67.15 | 75.90 | –4.6 | 4.11 | 78.50 | 71.69 | 62.81 | 70.50 | 79.57 | 184.18 | 73.98 | 175.82 |
| United Kingdom (211) | 287.23 | 1.4 | 261.04 | 230.13 | 257.56 | 261.04 | 0.9 | 3.76 | 283.25 | 258.68 | 226.62 | 254.35 | 258.68 | 287.23 | 228.85 | 233.50 |
| USA (653) | 321.03 | 2.7 | 291.76 | 257.22 | 287.87 | 321.03 | 2.7 | 1.89 | 312.56 | 285.45 | 250.08 | 280.68 | 312.56 | 331.54 | 254.79 | 266.98 |
| Americas (824) | 293.40 | 2.6 | 266.65 | 235.08 | 263.09 | 247.21 | 2.6 | 1.88 | 285.99 | 261.18 | 228.82 | 256.81 | 240.95 | 303.45 | 230.09 | 243.99 |
| Europe (726) | 246.86 | 1.4 | 224.35 | 197.79 | 221.36 | 230.00 | 1.2 | 2.75 | 243.43 | 222.32 | 194.77 | 218.60 | 227.37 | 248.97 | 204.71 | 209.63 |
| Nordic (150) | 360.95 | 1.5 | 328.04 | 289.20 | 323.66 | 359.85 | 1.8 | 2.00 | 355.77 | 324.91 | 284.65 | 319.48 | 353.40 | 385.85 | 291.45 | 294.88 |
| Pacific Basin (883) | 132.73 | –0.2 | 120.63 | 106.35 | 119.02 | 104.50 | –0.1 | 1.39 | 133.00 | 121.47 | 106.41 | 119.44 | 104.81 | 177.01 | 127.18 | 177.01 |
| Euro-Pacific (1609) | 180.30 | 0.7 | 163.86 | 144.46 | 161.67 | 151.87 | 0.6 | 2.16 | 179.04 | 163.51 | 143.25 | 160.78 | 150.86 | 191.51 | 173.55 | 190.57 |
| North America (767) | 312.77 | 2.6 | 284.25 | 250.60 | 280.46 | 312.30 | 2.6 | 1.89 | 304.69 | 278.27 | 243.78 | 273.61 | 304.25 | 323.69 | 248.65 | 260.50 |
| Europe Ex. UK (515) | 220.00 | 1.4 | 199.94 | 176.27 | 197.27 | 208.19 | 1.3 | 2.16 | 216.94 | 198.12 | 173.57 | 194.81 | 205.62 | 224.70 | 185.65 | 191.75 |
| Pacific Ex. Japan (398) | 288.95 | –0.4 | 262.60 | 231.52 | 259.10 | 251.33 | –0.4 | 2.93 | 290.06 | 264.90 | 232.07 | 260.47 | 252.56 | 320.65 | 268.97 | 293.65 |
| World Ex. US (1824) | 183.74 | 0.7 | 166.98 | 147.22 | 164.76 | 157.79 | 0.6 | 2.14 | 182.42 | 166.60 | 145.95 | 163.81 | 156.79 | 193.47 | 176.94 | 191.55 |
| World Ex. UK (2266) | 221.82 | 1.7 | 201.60 | 177.73 | 198.91 | 198.97 | 1.7 | 1.85 | 218.17 | 199.25 | 174.56 | 195.92 | 195.88 | 228.59 | 198.58 | 212.60 |
| World Ex. Japan (1992) | 285.14 | 2.0 | 259.14 | 228.46 | 255.88 | 276.08 | 1.9 | 2.24 | 279.59 | 255.34 | 223.70 | 251.08 | 270.92 | 292.72 | 233.10 | 242.77 |
| The World Index (2477) | 227.37 | 1.6 | 206.64 | 182.18 | 203.88 | 204.59 | 1.6 | 2.02 | 223.63 | 204.29 | 178.93 | 200.88 | 201.37 | 233.38 | 202.32 | 214.52 |


CONSTITUENT CHANGE 30/4/97: Name change: Waste Management to WMX Technologies (USA). Latest prices were unavailable for this edition. Market closed 29/4/97, Japan.



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